Daily Report

Central Eurasia

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Russia: Dudayevites To Use 'Every Means' of Combat Within Russia

LD1303200296 Moscow Russian Public Television First Channel Network in Russian 1800 GMT 13 Mar 96

[From the "Vremya" newscast]

[FBIS Translated Text] The fact that terrorism has become no less a pressing problem for Russia — if not a greater one — than for Israel is confirmed, for instance, by an Interfax report from Chechnya. Dzhokhar Dudayev's government has issued a statement accusing the Russian authorities of wrecking all efforts to conduct a dialogue.

In this connection, the Dudayevites reserve the right — and I quote — to wage a no holds barred struggle, using every means, including in the territory of Russia itself. The attempt to seize Groznyy is referred to as just a general rehearsal for subsequent combat actions to be waged in Russia itself.

Russia: Chechnya Cannot Confirm Reports on Raduyev, Maskhadov

LD1403114996 Moscow INTERFAX in English 1104 GMT 14 Mar 96

[FBIS Transcribed Text] Groznyy, March 14 (Interfax) — The Chechen Interior Ministry cannot confirm the reports that Chechen separatist leader Dzhokhar Dudayev's field commander Salman Raduyev, who was in charge of the terrorist raid on the city of Kizlyar in Dagestan, has been killed, nor that chief of staff of Dudayev's formations Aslan Maskhadov has been wounded, Deputy Interior Minister of Chechnya's Moscow-backed government Yuriy Plugin told Interfax Thursday.

"Reports on this are different, and they need careful verification," he said.

In the meantime, a source in one of the Russian power ministries told Interfax on Thursday the rumors that Aslan Maskhadov was wounded are not true.

Maskhadov is undergoing treatment in connection with pneumonia at a hospital under Dudayev somewhere in Chechnya, the source said.

Russia: Sale of Tank, Armored Car to Chechens 'Disinformation'

LD1303125896 Moscow ITAR-TASS World Service in Russian 1157 GMT 13 Mar 96

[By ITAR-TASS correspondent Olga Semenova]

[FBIS Translated Text] Moscow, 13 Mar (Itar-Tass) — Aleksandr Zdanovich, acting head of the Public Relations Centre of the Federal Security Service FSB of the Russian Federation, speaking in conversation with an ITAR-TASS correspondent, described reports that Russian servicemen had sold a tank and an armored car to fighters in Chechnya, which appeared in recent days in some sections of the media, as "disinformation".

Since the media reports quote a military intelligence source, A. Zdanovich stressed: "The FSB states officially that none of the service's representatives either on the territory of Chechnya or in Moscow have reported such information to the mass media."

Besides that, the head of the FSB Public Relations Center stated, not only is there the dissemination of unchecked information, but also a false source is quoted (in another paragraph of the report reference is made to a military intelligence official). Also the nonexistent number of a unit is quoted — the 106th Brigade, where the incident is supposed to have happened.

A check has shown, the ITAR-TASS correspondent was told by A. Zdanovich, that what happened was an attack by Dudayev's militants on 8 March on Checkpoint 15 of the 166th Motorized Infantry Brigade. On that holiday radio communication with the checkpoint was suddenly broken off. Representatives of the command of the joint grouping of federal forces in Chechnya who arrived at the site near the Mesker-Yurt settlement, found that the checkpoint and the tents in which the servicemen had been living had been completely destroyed, and there was a lot of blood and other signs of military action. However, no wounded or dead were found. A tank and an armored car had also disappeared from the battle position. This matter is being investigated.

Russia: Chernomyrdin Previews Security Council Meeting on Chechnya

LD1303152696 Moscow ITAR-TASS in English 1448 GMT 13 Mar 96

[By Gennadiy Yezhov]

[FBIS Transcribed Text] MOSCOW, March 13 (Itar-Tass) — The Russian leadership will end [as received] to discuss the settlement of the Chechen crisis at a meeting of the Russian Security Council scheduled for Friday, Prime Minister Viktor Chernomyrdin told reporters on Wednesday.

Chernomyrdin stressed that earlier versions of settlement would be considerably amended due to the latest developments in Groznyy which was attacked by Chechen rebels several days ago.

"I do not think that discussion of any new version will continue after Friday's meeting of the Security Council," he said.

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Russia: Military Said Prolonging Chechen War To Thwart Yeltsin

LD1303192896 Moscow NTV in Russian 1600 GMT 13 Mar 96

[From the "Segodnya" newscast]

[FBIS Translated Excerpt] Despite the fact that the Russian military announced a long time ago that operations in Groznyy were over, clashes with the remains of [Dzhokhar] Dudayev's formations continued in the Chechen capital today. As a result, two federal troops were killed and 12 were wounded. [passage omitted]

The main thing for the military command was a warning about new provocations by Dudayev's men. Two possible sites for acts of retribution were named: the village of Znamenskoye in Nadterechnyy District where most of the population have always been opponents of Dudayev; and Gudermes, which was seized by the fighters in December 1995. If in the first instance there is nothing to verify the report, in the second, the military refer to information of a radio intercept which testifies to a concentration of a grouping of up to 250 irreconcilables in Gudermes District.

Dudayev's supporters today disseminated a statement in which they accused the Russian side of undermining all attempts to hold a peace dialogue. It says that the Chechen people retains the right to wage a fight without any rules, including on the territory of Russia.

Accusations against the military of deliberately drawing out the Chechen war were made in Moscow today, too.

[Begin recording by Abdul-Vakhet Niyazov, cochairman of the Union of Muslims of Russia, identified by caption] A considerable part of the military leadership, including in Chechnya are acting as auxiliaries of Dzhokhar Dudayev today in their reluctance to put an end as soon as possible to the military actions and are setting the aim of drawing out the situation, and maybe even of exacerbating it with a view to making the reelection of the incumbent president problematic. [end recording]

Russia: Rebel Activities Intensify in Eastern Chechnya

LD1303145096 Moscow INTERFAX in English 1430 GMT 13 Mar 96

[FBIS Transcribed Text] GROZNYY, Mar 13 (Interfax) — Chechen rebels have stepped up their operations in the Gudermes district, eastern Chechnya, the federal troops command in this North Caucasus region told Interfax on Wednesday.

Russian troops have been intercepting a growing number of short-wave radio communications between rebel forces lately. Intelligence indicates that mercenaries from former Soviet republics are arriving in the republic to reinforce a group of some 250 rebels led by a certain Ediyev (nicknamed "Lame").

The Gudermes rebel group is part of the central and eastern fronts. The latter was until recently commanded by Salman Raduyev, who led a hostage-taking raid on the Dagestani town of Kizlyar in January 1996.

The group is believed to be composed of about 650 rebels, including 250 mercenaries, armed with firearms, grenade launchers, armored personnel carriers and armored combat vehicles, mobile and portable air defense systems and missile launchers, Russian military officials in Chechnya said.

"Units that are included in the group are stationed in the villages of Kadi-Yurt, Azamat-Yurt, Koshkeldiy and Novogroznenskiy, as well as in Gudermes. Engineering installations have been set up in some them," they said.

Russia: Grachev in Groznyy as Fighting Renews

LD1403091296 Moscow ITAR-TASS in English 0854 GMT 14 Mar 96

[By Aleksandr Kharchenko]

[FBIS Transcribed Text] GROZNYY, March 14 (Itar-Tass) — Russian Defence Minister Pavel Grachev is currently in Groznyy where he arrived on Wednesday [13 March], a spokesman of the mission of the Russian government in Chechnya told Tass on Thursday.

He said Grachev met Chechen government members to consider the situation and measures to avert separatist attacks on the city which took place on March 6 and lasted for four days.

In the meantime, fighting with the use of small arms and grenade launchers flared up in central Groznyy at 10:00 a.m. on Thursday (07:00 GMT).

Fighting is heard from central Minutka Square, where two construction workers were killed on Wednesday.

The Chechen Interior department told Tass that the separatists opened fire on a Russian checkpoint on the bridge over the Sunzha river close to the square. The militants are firing from a 16-storeyed building. Federal troops return the fire, accdording to the department.

Local residents said clashes were going on also in one of the neighbourhoods in eastern Groznyy.

The clashes resumed on the eve of a crucial meeting of the Russian Security Council which is to approve the peace scenario for the rebel republic on Friday.

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On March 6 Chechen separatists launched a major assault on Groznyy also on the eve of a Security Council meeting. The fighting raged for four days in the city causing numerous casualties on both sides.

Also on Thursday morning Russian troops delivered air and artillery strikes on Chechen separatists in the settlements of Bamut, Orekhovo and Stary Achkhoy, head of the administration of Achkhoi-Martan region Shamil Burayev told Tass.

He said bomb explosions there were distinctly heard in the settlement of Achkhoy-Martan. Helicopter gunships periodically fly over the settlement towards the three villages.

On Wednesday Russian commander in Chechnya Vyacheslav Tikhomirov told Tass that "precision air and artillery strikes" were delivered on positions of the separatists on controlling heights to the south and east of Bamut, as well as on their command posts.

The federal command said that all civilians had left Bamut which is the major base of the separatists housing their ammunition and weapon depots.

Russia: Political Impact of Groznyy Assault Viewed

MK1403062296 Moscow NEZAVISIMAYA GAZETA in Russian 13 Mar 96 p 1

[Report by Lyoma Turpalov: "The Operation in Groznyy Is Over; The Dudayevites Have Achieved the Goals They Set. It Is Not Known Whether Grachev Met With Dudayev, But If This Contact Took Place It Can Be Useful for Both"]

[FBIS Translated Text] The rebels' operation in Groznyy was no secret to anyone except the command of the Joint Group of the Federal Forces. Moreover, when preparations were made for the offensive, rebel field commanders called their fighters on the radio in clear speech, but no reaction from military or law-enforcement agencies ensued. Nothing was done to ensure the security of city residents. They went to work and sent their kids to school on 6 March just as they were used to doing, without suspecting that fighting had been under way inside the city since sunrise.

Before sunrise rebel detachments entered city districts from three different directions without much effort. For three days they controlled three out of Groznyy's four districts: Oktyabrskiy, Zavodskoy, and Staropromyslovskiy. Militia stations, checkpoints, and interior troop compounds were seized or sealed off. Separate rebel groups also fought on the territory of the Leninskiy district, and, on 7 March, even fired at streets directly abutting the Government House. Neither the command nor the law-enforcement agencies had information on the situation in the Chechen capital. It was easier for journalists to learn about the rebels' deployment and combat operations from passers-by in the street.

Speculation mounted that Dzhokhar Dudayev ordered government buildings taken by assault at 0400 on 7 March and that he allegedly asserted that an agreement was reached with the Russian command on pulling out Russian troops. These are rumors, of course, but the military's line of conduct on those days still seems baffling. Indeed, government offices in downtown Groznyy were guarded for two days only by the Chechen Internal Affairs Ministry's patrol and lookout service regiment and by officers of the local Federal Security Service [FSB] directorate. It took three days to move troops into the city.

In hindsight, the reason the command cited for dragging its feet on the goings-on was the need to carefully prepare the operation, because the Dudayevites acted according to a pre-drawn plan, not spontaneously. While the generals were gearing up for yet another assault on the city, the rebels —having done their duty — left the theater of military operations on 9 March. But on 10 March this was already known to everybody except for — again — the generals.

Nevertheless, the army launched yet another punitive operation against civilians. In districts where federal sub-units are deployed the residents still cannot come out of the basements into the open. Meanwhile, some of them are wounded. People do not have bread reserves because they were sealed off absolutely unexpectedly. For several days there has been no water. But utility services cannot enter these districts. The military did not even let in a truck with food for the thermal power station workers and specialists at the Zavodskoy district who did not leave their plant and kept it going throughout the fighting. Unlike servicemen, electric power, gas, and water supply workers did not fall into panic. Working in combat conditions, despite the confusion that reigned around them, they continued supplying electricity and gas to a number of districts. As early as 10 March one of the pumping stations was restored. Now it is only the federal troops, who could not defend the city, that stand in the way of eliminating the consequences of the fighting.

Be that as it may, the situation in Groznyy is returning to normal; local residents seem to have become accustomed to war over the past 18 months. But everyone is asking the same question: How come this was allowed to happen? Groznyy's environs are simply packed with troops. Again, speculation has mounted on a conspiracy involving secret interests of the military-industrial

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sector, and that not only in the town square; fairly well-informed persons, who represent both local and federal authorities, also shared their views on the subject with your correspondent.

One such rumor is that Pavel Grachev has, after all, met with Dzhokhar Dudayev in Nazran. Checking these reports — apart from the fact that the defense minister visited the region (all his trips there starting in December 1994 have been inevitably followed up by an escalation of combat operations) — seems to be impossible. It is still even unknown what the two generals [Grachev and Dudayev] agreed on during their meeting in the village of Ordzhonikidzevskaya on the eve of the introduction of troops into Chechnya.

And what goal did the Dudayevites attempt to achieve by trying to seize Groznyy? Clearly, they would have been unable to hold on to the city because the federal troops outnumber them in strength and weapons by many times. Military experience has shown that the rebels offset this deficiency by surprise, promptness, and mobility — particularly so in urban centers. But they could not but realize that, should they entrench themselves in the city, the federal army would once again use aviation and heavy artillery to turn the remnants of Groznyy into ruins. So it is unlikely that the Dudayevites planned to hold on to the city. In this case the Chechen armed formations wanted to use the recent operation in order to remind Moscow that they are a force to be reckoned with, since the center's reaction to their smaller-scale operations in Gudermes and Kizlyar turned out to be fairly sluggish.

Incidentally, the rebels made no particular bones about their objectives. On the very first day of the fighting in Groznyy they said that they would leave the city on Saturday. The action was meant to force Russia to hold negotiations with Dzhokhar Dudayev alone. Admittedly, it has confirmed that he alone, out of all Chechen politicians, wields real authority. If his meeting with Grachev actually took place, and if it produced any results whatsoever, then, by making its results public at the appropriate moment, and by continuing the talks, the Russian defense minister might thus convince everyone of his "irreplaceability" — even regardless of the outcome of presidential elections in Russia.

The entourage of the Ichkerian [Chechen] president has long been disseminating information on an upcoming meeting between Dudayev and Boris Yeltsin, due to take place in the spring, linking it, again, to the presidential elections. Judging by the utterances of certain Russian politicians, this option cannot be ruled out. If the action in Groznyy is looked upon in this light, one can conclude that the Dudayevites have achieved their objective. The question has been raised.

Russia: Federal Troops Deliver 'Pinpoint Strikes' in Bamut

LD1303204396 Moscow ITAR-TASS in English 2037 GMT 13 Mar 96

[By Boris Kipkeyev]

[FBIS Transcribed Text] MOSCOW, March 13 (Itar-Tass) — Russian troops delivered only pinpoint strikes on the positions of Chechen rebels near the village of Bamut, the main base of Chechen separatists, on Wednesday, a high-ranking military official said.

In the second half of the day, "federal troops delivered only pinpoint air and artillery strikes on the positions of Chechen rebels at dominating heights in the south and east of the village of Bamut, command posts and detected firing emplacements, but did not assault the village," Vyacheslav Tikhomirov, commander of Russian troops in Chechnya told Itar-Tass by telephone.

"Civilians have left this Chechen village and only a rebel base and large arms and ammunition depots are left there," the military said.

According to Tikhomirov, there is not any "verified information" concerning the hostages seized during recent fighting in Groznyy and being held in Bamut.

Meanwhile, The Ingush Interior Ministry said it will step up security on the administrative border with Chechnya, primarily near the village of Arshty located four kilometres from Bamut.

The move has been prompted by the need to prevent Chechen rebels from entering Ingushetia if they begin to retreat from Bamut, Ingush Deputy Interior Minister Mukhtar Buzurtanov told Itar-Tass on Wednesday.

A spokesman for the Russian troops in Chechnya told Itar-Tass earlier today that federal forces had not shelled Bamut as of 20:00 Moscow time, troops had not been engaged in combat operations and had remained at their positions several kilometres from the settlement.

Earlier in the day, the military also denied reports that hostages, reportedly seized during a recent assault on Groznyy, were being held by rebels in Bamut.

According to Russian human rights champion Sergey Kovalev, the militants said they would execute five of the estimated 90 hostages for each shelling of Bamut.

The federal command believes that Bamut, which is a former Soviet missile base, houses the main ammunition and weapons dumps of the militants.

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After the separatist base was eliminated in the settlement of Novogroznenskiy, Bamut remained the last major stronghold of the militants.

Russia: Chechen Forces' Tactics, Dudayevites' Decline Viewed

MM1303141896 Moscow IZVESTIYA in Russian 13 Mar 96 pp 1, 2

[Unattributed report: "Everything Calm in Bamut, Russian Military State in Response to Duma Deputies' Initiative Aimed at 'Averting a Military Operation' in Yet Another Chechen Village"]

[FBIS Translated Excerpt] [passage omitted] In the opinion of Viktor Litovkin, our military correspondent, federal forces in Chechnya are currently employing the tactic of gradually squeezing Dudayev's gunmen from the population centers where their headquarters and bases are situated. This tactic is well known from the history of fighting rebellious mountain detachments in the 19th century. It involves successively surrounding villages, offering a "safe corridor" through the encirclement to women and children and to men prepared to surrender and lay down their arms. Anyone not accepting this ultimatum is considered an enemy. They are treated according to the laws of wartime.

Although this tactic has not been declared officially, similar methods, with various variations, were adopted in Novogroznenskiy and Sernovodsk, and are now, to all appearances, being employed in Bamut.

The combat activity of the Dudayev formations which last week seized a number of rayons in Groznyy, resembling from the military viewpoint a self-sacrifice, looks in this context like an effort to divert the federal forces' attention from the main Dudayev bases. But Dudayev's forces are evidently far from what they were a year ago.

"The intensification of combat operations in Chechnya, including the intensified bombing of population centers, effectively wipes out the possibility of humanitarian actions to liberate and exchange prisoners," State Duma Deputy Ramazan Abdulatipov believes. He stressed that it is essential "to cease as soon as possible all military operations on the territory of the Chechen Republic, where over 3,000 people forcibly detained by both sides are threatened with annihilation." [passage omitted]

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CIS: Caspian Oil Pipeline Consortium Reconfigured

MK1403062496 Moscow NEZAVISIMAYA GAZETA in Russian 13 Mar 96 pp 1, 3

[Report by Rustam Narzikulov: "A Redivision of the Caspian Consortium. Lukoil Has Asserted Its Positions"]

[FBIS Translated Text] According to NEZAVISIMAYA GAZETA sources, last Friday a three-day conference of the Caspian Pipeline Consortium's (KTK) board of directors and shareholders ended in Moscow that sought to kick start the plan for transporting western Kazakhstan oil (Tengiz deposits) to Russia's Black Sea coast.

The KTK, created three and a half years ago by Russia, Kazakhstan, and Oman, and estimated at $1.2 billion, is one of the largest investment projects on CIS territory. The main outcome of the Moscow negotiations was the admission to the KTK of private investors represented by large oil companies: Russian Lukoil; U.S. ARCO, Chevron, and Mobil; British Gas, and Italian Agip. The oil companies received 50 percent [of stock] in the consortium, the other half going to the KTK founders — Russia (21.5 percent), Kazakhstan (21.5 percent), and Oman (7 percent). All shares held by the companies and the three countries' governments are voting shares. Incidentally, the board of directors demanded that Kazakhstan immediately start transferring to the KTK assets and tracts of land for the pipeline (Russia's and Kazakhstan's contribution is ensured by existing assets).

The consortium's founding states have thus found their rights curtailed, especially Oman. Originally Russia, Kazakhstan, and Oman Oil Company (representing Oman's interests) had 25 percent of stock each. However, the inability of the three countries' governments to ensure financing, even for the first stage of the project (the construction of the Kropotkin-Novorossiysk line), worth approximately $500 million, forced them to turn to private companies.

The strongest "punishment" was meted out to Oman, which, only a few months ago, demonstrated the highest activity in the KTK. After the sides concerned have dealt with the "problem of Johann Doyss" [name as transliterated] (president of Oman Oil Company, of Dutch descent, who claimed, on behalf of his company, 50 percent in the KTK), Oman has nothing left to do but be content with its 7 percent, which the other shareholders equated to the $60 million already spent by this Arab state.

Lukoil and ARCO, however, invited the six private firms to "chip in" half a percentage point each and increase Oman's share to 10 percent. According to some sources, Chevron and Mobil rejected the proposal, while British Gas and Agip did not react to it in any way.

The redivision of the KTK is to some extent unexpected, but it provides a way out of the deadlock in which the consortium participants found themselves half a year ago. In the fall of 1995 it transpired that western banks do not particularly believe in Russia's and Kazakhstan's solvency and do not want to provide loans to the three [sic] states. Attempts to attract rich private investors, however, came up against the resistance of Johann Doyss, who had a strong legal base in the form of an intergovernmental agreement between Russia and Oman, signed in 1992 and ratified at the time by the Russian Federation Supreme Soviet.

It is not known how Doyss was "persuaded" to give up the Tengiz undertaking, but the main factor that expedited the solution of the problem was apparently the rapid pace of the implementation of another Caspian project to extract and transport oil from the Azerbaijan shelf. Competition between the Kazakhstan and Azerbaijan projects is more than obvious. A supplier who comes late to the saturated world oil market will inevitably be the loser.

According to well-informed sources, two Russian companies, Rosneft and Transneft, as well as Kazakhstan's Munaygaz, made unsuccessful attempts to join the consortium. Representatives of these firms held negotiations with members of the Russian Government, but were rejected. While Rosneft's failure was predetermined by the sharp fall in its rating on the domestic market after Noyabrskneftegaz left it, Transneft was not allowed to join the KTK apparently out of antitrust considerations. Some influential government members do not like the idea of Russian oil pipelines being concentrated in the hands of one monopoly: Transneft. Also noteworthy is the "pair principle" of selecting the companies that have joined the KTK. The consortium incorporates at least two pairs of strategic partners: Lukoil-ARCO and British Gas-Agip. The first pair is united by a close financial union formed as a result of ARCO's acquiring, last year, Lukoil's convertible bonds worth $250 million. British Gas and Agip are strategic partners in developing a large gas condensate deposit in Karachaganak (Kazakhstan). Incidentally, the third developer of Karachaganak is the RAO [Russian joint stock company] Gazprom, which, for some reason, showed no interest in Lukoil.

On the other hand, another Russian oil company, Lukoil, has again assumed the role of an extraordinary and plenipotentiary oil ambassador for its country, as was earlier the case in Azerbaijan and other CIS states. One question that is not clear, however — as in

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Lukoil's other foreign projects — are the sources of its investments, which should amount to $80-90 million. Even so, it is clear that Lukoil has priority in performing the de facto functions of an oil agent for the Russian Government. Lukoil's participation in the KTK has once again confirmed that this is not simply a privileged Russian company: It generally dominates all Caspian projects. Analysis of the participants in the Azerbaijan and Tengiz projects shows that this is the only firm that is present in both Caspian projects. Western companies were denied the possibility of combining operations in the Azerbaijan and Kazakhstan parts of the Caspian.

On 17 March KTK shareholders are to finally coordinate the consortium structure and settle financial matters. It is not ruled out that the scope of aspirants for participation in the KTK is not confined to the six aforementioned companies. Some sources maintain that these include the British-Dutch Shell company and U.S. Amoco. If private investors really bankroll the project, Russia will amply compensate for the loss of 3.5 percent from its initial share in the consortium. Lukoil's 8 percent can, in effect, also be included in the country's assets.

Another potential benefit for Russia from the intensification of the KTK project is the substantially greater possibilities for pursuing an effective Caspian oil policy, which has until now been limited by Lukoil's 10 percent in the Azerbaijan consortium.

CIS: Baltic Chiefs of Staff Discuss Future of BALTBAT

WS1403094996 Vilnius ELTA in English 1944 GMT 13 Mar 96

[From "News Bulletin" No. 967]

[FBIS Transcribed Text] Vilnius, March 13, ELTA — The two-day meeting of heads of the Lithuanian, Latvian and Estonian army general head-quarters in Vilnius expressed concern over the future of the Baltic peace-keeping battalion BALTBAT.

Head of the general head-quarters of the Lithuanian army, colonel Valdas Tutkus said that the meeting, which ended on Wednesday, approved that army commanders and defence ministers of the three Baltic states were presented proposals of forming another Baltic peace-keeping battalion, which should replace the currently trained BALTBAT soldiers after the six-month mission. National units of the battalion are to leave on missions from coming August together with the Nordic states' battalions, while starting from next year autumn the BALTBAT will participate in missions independently. The decision of forming another battalion must receive governmental and parliamentary approval in every Baltic state.

Besides colonel Tutkus, the Wednesday's meeting was attended by his Latvian counterpart colonel Juris Arnis and acting Estonian head of the genearal head-quarters of the army Velo Leema.

The proposal of forming the new BALTBAT is to be presented to Lithuanian, Latvian and Estonian army commanders due to meet in Lithuania next week.

During the meeting it was also decided to propose formation of tripartite groups, which could represent the Baltic states in different international training exercises. According to colonel Tutkus, such group of soldiers could take part in the exercises "Cooperative guard" due next year.

The meeting also approved formation of groups from Lithuanian, Latvian and Estonian specialists which would work on adjusting the logistics and statute of the Baltic armies to NATO standards.

CIS: ITAR-TASS Carries Press Review for 14 Mar

LD1403070096 Moscow ITAR-TASS in English 0610 GMT 14 Mar 96

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW March 14 (Itar-Tass) — ROSSIYSKIYE VESTI on the need for a well-balanced political plan to get out of the Chechnya conflict.

The newspaper carries an interview with Emil Pain, leader of the Working Group to the President and member of the Presidential Council.

"It is now clear to the majority of sober-minded people that it is much more difficult to get out of the conflict (in Chechnya—note by Itar-Tass) than it was to raise it. A well-balanced political plan is needed for that. In my view, such a plan has already been prepared. I specify at once that what I mean is not the proposals which were presented by the two commissions to the President but is a certain combination of many ideas," Pain told the newspaper.

ROSSIYSKIYE VESTI on Boris Yeltsin's second-term bid.

The newspaper runs an interview with Ivan Rybkin, former Speaker of the parliament and leader of the Centre-Left bloc, who expressed confidence that "it is only with Boris Yeltsin at the head that the country is able, perhaps for the first-ever time, to solve the most complex task — to assert democratic statehood on the basis of reasonable and natural federalism with the preservation of the unity of great Russia".

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ROSSIYSKAYA GAZETA on the idea of a Registration Chamber.

The newspaper interviewed Viktor Vlasov, Chairman of the Moscow Region Committee on the Management of State Property, and First Vice-Governor.

"We are now busy creating a special entity — a Registration Chamber which will closely monitor the entire process of a change of owners. The conclusion of a contract with an investor does not make a person the owner of the enterprise until he fulfils all obligations," Vlasov said.

"There have been cases when an entrepreneur, who won competition, tries to sell the property or mortgage it, twice sometimes, before he has paid even a half of the contractual sum. The State should not allow such tricks," Vlasov pointed out.

KRASNAYA ZVEZDA on reforms in the army.

The newspaper carries an interview with Marshal Viktor Kulikov, who said that "statesmen and people's orators reiterate from year to year the need for reforms in the army and demand that such reforms be effected and at the same time mercilessly slash the military budget. They do not come to ponder that the time may come when the army would not just accomplish the assigned task".

IZVESTIYA on the cool attitude at home towards Russian submariner rescued by the British.

The newspaper runs a dispatch by its correspondents Aleksandr Dzyublo and Yuriy Snegiryov, who were the first at Sheremetyevo-2 airport to help Aleksandr Yerokhin, a seaman from a nuclear-powered submarine of Russia's Northern Fleet.

"Many a newspaper ran the story how the sick seaman was rescued by a British helicopter and how a successful operation was performed on him at a military hospital. The Russian Foreign ministry even expressed official gratitude to the British side for that. But the Motherland has not found either any warm words or a bunch of flowers to welcome him home. The seaman has been placed at a hospital near Moscow to complete his cure".

IZVESTIYA on the war in Chechnya spilling over into Dagestan.

Igor Rotar, the newspaper's correspondent, who travelled along the Dagestani-Chechen border, relates in his notes headlined "The unknown war in Dagestan" how combat actions have long spilled over into the neighboring republic, inflicting loss of life and destruction.

IZVESTIYA on the course of investigation of the case involving former Acting Prosecutor-General.

The newspaper writes that reports that former Acting Prosecutor-General Aleksey Ilyushenko has been beaten and a denial issued by his defence lawyer somehow pushed into the background the essence of the former procurator's case, which is connected with operations by the Balkar Trading company in Siberia.

Aleksey Tarasov, the newspaper's correspondent in Krasnoyarsk Territory, has learned new details of the course of the investigation and reports them in a dispatch headlined "A special flight for the relatives of the former acting procurator".

KOMSOMOLSKAYA PRAVDA on "Zyuganism".

The newspaper frontpages an article headlined "We have survived Leninism. Is 'Zyuganism' next in line?"

"The latter-day Communists are prepared to refuse to have anything to do with any of the previous leaders but not with the main idol. This is only understandable — it is much more safe to stigmatise dictators, who have long gone from the political arena and who ostensibly distorted Lenin's original ideas, but not the vicious doctrine itself".

ROSSIYSKIYE VESTI on the real cost of the ruble against the dollar.

The newspaper reports that, according to the Central Bank of the Russian Federation, the real cost of the ruble with respect to the dollar has grown by 70 per cent over the past eight months.

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Russia: Yeltsin Speech at Peacemakers' Summit

LD1303221796 Moscow Russian Television Network in Russian 1910 GMT 13 Mar 96

[Speech by Russian President Boris Yeltsin to the Peacemakers' Summit in Sharm al-Shaykh, Egypt on 13 March — recorded]

[FBIS Translated Text] Esteemed President Husni Mubarak, esteemed Mr. Clinton, esteemed heads of state and governments. Circumstances which are far from happy have compelled us to come here. A wave of terror and violence is threatening the peace process in the Middle East. The issue is as serious as it could be: Will the world community allow groups of extremists and murderers to dictate the course of events in world states and even regions? There can be only one answer — a categorical no. Terrorist actions everywhere are aimed against peace, accord, and democracy. All countries and the world community's healthy forces therefore should join efforts to eradicate this threat hanging over the world.

Russia condemns the horrendous terrorist acts in Israel strongly and without reservation. I express once again the deepest and most sincere condolences to the near and dear of those who died and wish the injured a most speedy recovery. I link my presence in Sharm al-Shaykh directly with Russia's role as a co-sponsor of the Madrid conference which, without exaggeration, has played a major role in advancing the process of peaceful settlement in the Middle East. I believe that it is the main task of our summit today to save this settlement from the critical condition into which it was plunged by criminal terrorism.

How can this goal be achieved? First, all of Israel's healthy forces, the authorities led by Prime Minister Peres, should know that they enjoy not only moral but also practical support of the world community. This should give Israel confidence that continuing the process of peaceful settlement to the conflict with the Arabs is the only path.

Second, the efforts of the Palestinian leadership and its leader Yasir 'Arafat, and his position of the categorical rejection of terrorism and the struggle against it, should be given all-round support.

Third, I regard the Syrian-Israeli aspect of the peaceful settlement as being of key importance today. Syria has recently suggested that a conference of a Madrid-2 type be convened. Let's not hurry with the final assessment of this proposal, after all, the thought itself is not bad, in general. A mini-Madrid at the level of foreign ministers, with a limited number of participants, could be convened in Moscow or another place at some time after preliminary preparations to plan our future actions.

Fourth, the Russian Federation believes that we will achieve a positive result only by combining peaceful negotiation efforts with the ruthless struggle against terrorism. We can and must work out a strategy and specific measures against acts of violence which every time have disturbing repercussions not only in the Middle East but also throughout the world.

Unfortunately, this evil has not bypassed Russia either. Bandit groups are trying to upset peaceful life in our country and some CIS countries. Dudayev's criminal forces are subjecting whole towns to terror, they are seizing hospitals, accompanying their banditry with burglary, violence, and undisguised marauding. Sometimes the organizers of terrorist acts against civilians call themselves freedom fighters. But they bring nothing but death, grief, and intimidation.

Terrorism is terrorism everywhere. It should be counteracted on a universal scale — double standards cannot be tolerated here. Our coordinated efforts are needed which would include: exchange of information on the methods and tactics of terrorists, practical interaction on the basis of accords on legal assistance, exchange of experience between anti-terrorist units, and a refusal to give asylum to terrorists, which they use to restore their forces in order to kill again. Any financial assistance to organizations and persons linked to terrorists should be deemed a criminal offense, and both the international court and the United Nations should be involved in this.

Terrorism is not a national or religious category. It must not be identified with an individual country. Terrorists are criminals. We should agree that they will be prosecuted in all countries without statutes of limitation. I am confident that the struggle against terrorism will succeed only if terrorists have no more sympathizers in our countries or outside them.

I am appealing to politicians, parties of all orientations, journalists, and citizens of all states. Let each us ask ourselves the following questions. Do we agree that for the sake of some political goals it is permissible to kill, or torment with the threat of killing, innocent civilians, the elderly, women, or children? Do we regard as worthy the position of an aloof or even admiring onlooker when acts of terrorism are being committed anywhere? Only three [as heard] identical answers can be given to these three simple questions — no and no!

Esteemed heads of state and governments, the land of the Middle East has been regarded sacred from time immemorial. Mount Sinai, where the Ten Commandments describing the eternal laws of righteous spiritual life

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were given, is not far from here. I sincerely hope that our meeting will help us to come closer to these laws in real policy and make the lives of people in the Middle East and everywhere else more peaceful and bright. Thank you.

Russia: Yeltsin Deems Sharm al-Shaykh Summit 'Essential'

LD1303175796 Moscow ITAR-TASS World Service in Russian 1647 GMT 13 Mar 96

[By ITAR-TASS special correspondents Georgiy Shelenkov and Andrey Shtorkh]

[FBIS Translated Text] Sharm al-Shaykh, 13 Mar — "The most appropriate word to evaluate the summit is essential, necessary," Russia's President Boris Yeltsin told the ITAR-TASS correspondents prior to his departure for home from the Egyptian town of Sharm al-Shaykh where he took part in the summit meeting on the peace process in the Near East and the fight against international terrorism.

The president said that the need for the summit arose from the fact that international terrorism is a serious threat to the entire world. "The peace process has begun to develop in a positive direction in Palestine, in Israel," he said. "This has not pleased many people, and organized groups have been formed here which have started perpetrating acts of terror. It is necessary to stop them so that the movement toward a settlement in the Near East is not deflected."

The final communique contains "a number of very valuable observations." Boris Yeltsin singled out especially the summit decision to set up a working group which has been instructed to draw up a specific action program in the fight against terrorism.

The president said that he also touched upon the topic of Chechnya while addressing the forum. "Our stand has found understanding. The West used to approach us from the critical viewpoint, but they have now realized that we are dealing with international terrorism in Chechnya," the head of the Russian state said.

Yeltsin said that despite working to a very tight schedule he managed to have "a detailed conversation" with Egyptian President Husni Mubarak, and with President Bill Clinton. He also had brief meetings with German Chancellor Helmut Kohl, British Prime Minister John Major, French President Jacques Chirac, and a number of other politicians.

Speaking about his meeting with Bill Clinton, the president said: "In particular, we touched upon the progress of the pre-election campaigns in Russia and in the United States. We agreed to devote three or four hours to discussing a number of serious problems when we have a summit meeting on nuclear security in April in Moscow." Boris Yeltsin also said that he invited Husni Mubarak and Yasir 'Arafat to visit Russia.

Speaking about his participation in the forum, Yeltsin said: "I had to attend. All the participants in the forum were glad that the president of Russia arrived at the forum."

The head of the Russian state confirmed his intention to make a number of other foreign trips shortly. At the end of March he will pay an official visit to Norway, which has twice been postponed, and in April "I will head for China," Yeltsin added.

Russia: Yeltsin in Detailed Talks With Mubarak, Clinton

LD1303153096 Moscow ITAR-TASS World Service in Russian 1405 GMT 13 Mar 96

[FBIS Translated Text] Sharm al-Shaykh, 13 Mar — The Russian president's press secretary Sergey Medvedev has held a briefing here at which he said that Boris Yeltsin, before the beginning of "the peacemakers' summit", had held two meetings here.

The first one was held with the president of the Arab Republic of Egypt. In the course of it, the leaders found a common language right away. H. Mubarak thanked Boris Yeltsin for his immediate response to the invitation to take part in the forum. In reply, the Russian leader said that he had done this without a second thought, understanding how important this meeting was and how important it was for the leaders of the world's leading powers and states of the East to get together in order to resolve jointly the main problem - the problem of terrorism which he regards as the summit's main issue. B. Yeltsin stressed that he supports the aspirations of both Israel and Yasir 'Arafat and will do his best for the resumption of the peaceful Arab-Israeli dialogue.

H. Mubarak has informed B. Yeltsin about the work carried out to draw up the summit's final document. In his turn, the Russian president agreed with the point of view of the Egyptian leader [as received]. He invited H. Mubarak to pay an official visit to Russia. The president of the Arab Republic of Egypt accepted his invitation with gratitude and in his turn invited President Yeltsin to visit Egypt. Yeltsin also accepted the invitation.

In the course of the meeting, Husni Mubarak stressed that Egypt had always advocated a more active role for Russia in the settlement of the Near East conflict and stressed that Cairo was interested in Moscow playing a decisive role in all the talks for the establishment of peace in the region.

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Then Boris Yeltsin had a meeting with Bill Clinton. The Presidents of the Russian Federation and the United States devoted a considerable part of the time to discussion of the final document and they effectively concurred that it was "very good", joking that it could be signed right now before being debated.

B. Clinton was very interested in the situation in Russia and the progress of the election campaign. B. Yeltsin told him in detail about how the campaign was going and why he had decided to stand for president. One of the main arguments in favour of this decision was the position of the Communist Party of the Russian Federation, expressed so far only in intentions. Having learned of the plans of Gennadiy Zyuganov and other leaders of parties of communist orientation, Boris Yeltsin decided to fight.

B. Clinton supported B. Yeltsin as candidate to the post of President of the Russian Federation, realizing - and this position was expressed at the meeting - that Yeltsin could and should serve as guarantor of the democratic reforms in Russia. And, the U.S. President believes, the present Russian leader is the very candidate who will be the best president for Russia.

Boris Yeltsin and Bill Clinton very briefly discussed problems of economic cooperation, agreeing that the main "locomotive" would be the Chernomyrdin-Gore Commission.

Russia: Yeltsin, Clinton Pledge To Build Relations

LD1303125096 Moscow ITAR-TASS in English 1238 GMT 12 Mar 96

[FBIS Transcribed Text] SHARM AL-SHAYKH, March 13 (Itar-Tass) - Presidents Boris Yeltsin and Bill Clinton have pledged not to relax attention to the relations between Russia and the United States during the presidential election campaigns that are gaining momentum in the two countries. Journalists were told here by White House Press Secretary Michael McCurry that Clinton had stressed during a brief talk with Yeltsin before the opening of the Anti-Terrorism Summit here that in the course of this year, the year of elections, both presidents should keep abreast of the arising problems in order to effectively settle them.

According to McCurry, the leaders of Russia and the United States had shared the view that the Russo-American Commission, headed by Prime Minister Viktor Chernomyrdin and Vice-President Albert Gore, was a fine instrument for exercising overall control over the development of bilateral relations.

The Press Secretary said that the presidents had exchanged views on the progress of their election campaigns. The American leader noted the excellent physical fitness and healthy look of the Russian president.

Clinton thanked Yeltsin for accepting the invitation to come to Sharm al-Shaykh Summit. "The very fact of your presence here will contribute to the acceleration of the peace process, and I thank you for coming," said the Head of the White House, who initiated the current Summit together with Egyptian President Husni Mubarak. As a matter of fact, the press now refers to it as the "Summit of Peacemakers". For his part, Yeltsin assured Clinton that Russia "is giving serious attention to its role in the peace process".

Russia: Strobe Talbott Meets Primakov, Ends 2-Day Visit

LD1303191596 Moscow ITAR-TASS in English 1759 GMT 13 Mar 96

[By Andrey Sitov]

[FBIS Transcribed Text] MOSCOW, March 13 (Itar-Tass) — U.S. Deputy Secretary of State Strobe Talbott left Moscow on Wednesday for a visit to Baku.

During his two-day stay in Moscow, he met Russian Foreign Minister Yevgeniy Primakov and had talks with Russian Foreign Ministry senior officials on an agenda for an official visit to Russia by U.S. Secretary of State Warren Christopher. The visit is scheduled for March 22-23.

The talks between Talbott and Russian officials focused on settlement of regional conflicts, including in the CIS countries. The parties also discussed preparation for the planned G-7 summit in Russia. The summit on nuclear security is due to be held next April.

In Baku, Talbott and Azerbaijani leaders will discuss the situation in the Transcaucasian region as well as exploitation of oil fields in the Caspian Sea.

Talbott is accompanied on his trip by U.S. National Security Council official Samuel Berger.

On Thursday, the U.S. officials will leave Baku for Yerevan and, the next day, will fly from the Armenian capital for Turkey.

Russia: Congress Report on U.S. Aid to Russia Viewed

MM1403095596 Moscow IZVESTIYA in Russian 14 Mar 96 p 3

[Report by Vladimir Mikheyev and Gennadiy Charodeyev: "After Counting Their Expenses on Russian Democracy Americans Have Shed a Few Tears"]

[FBIS Translated Text] The U.S. money spent on nurturing youthful Russian democracy has failed to produce the rapidly growing shoots on which the U.S.

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Administration was counting. That is the conclusion contained in the 80-page report of the U.S. Congress General Accounting Office.

Only three of the six projects aimed at altering the political, legal, and social systems in Russia have led to success. From 1990 through 1994 some $212 million has been spent on these purposes, which is 6 percent of the total investments in Russian democracy while 94 percent of these capital investments, to the sum of $3.7 billion, was spent on destroying Russia's nuclear weapons and on the program for the conversion of military enterprises, housing for officers, privatization, and humanitarian aid.

The report notes that "in some government circles" in Russia there is a widespread and persistent rejection of and even hostility toward Western aid. Some responsible leaders in Moscow suspect that the project aimed at the propaganda of civilian control over the defense department "has been conceived to further weaken Russia militarily."

"Particularly disappointing," the report stresses, were the December State Duma elections at which the candidates from the democratic parties who had undergone "political training" with sponsorship money from the U.S. taxpayer suffered a serious defeat. The authors of the document stress that the political parties of the democratic wing who received Western aid "either do not want or are unable to form a coalition, develop a nationwide structure, and convince a substantial part of the Russian public to support their political philosophy."

A separate paragraph registers the threat to peace and security from the 1,400 metric tonnes of plutonium and enriched uranium stored at depots poorly adapted for the purpose. The likelihood of the theft of nuclear materials is very high. It is not for nothing that the Clinton administration has asked congress to earmark $400 million in the next seven years to increase the degree of protection of these special depots.

Russia: U.S. Exploits Air Incident To Further Anti-Cuba Policy

MM1303145096 Moscow RABOCHAYA TRIBUNA in Russian 13 Mar 96 pp 1, 3

[Report by Aleksandr Sorokin under "View From the Sidelines" rubric: "The 'Biggest Brother' Flexes His Muscles"]

[FBIS Translated Text] Brussels — Strange events entail, as a rule, no less strange consequences. For example, an unidentified mortar shell had only to fall on one of Sarajevo's markets and NATO aircraft took to the air and spent ... eral weeks bombing the Bosnian Serbs. Everyone knows how this ended: The Bosnian peace settlement scenario was written at a USAF base near Dayton.

The affair of the U.S. "civilian" aircraft shot down in Cuban airspace is no less interesting. The point is that about three years ago differences in the views of the West Europeans and the Americans on ways to attain the cherished and long-nurtured goal of returning Cuba to the bosom of democracy became quite clearly apparent. The United States advocates stepping up the economic blockade, increasing political pressure all around, and stepping up support for opposition forces to overthrow Castro.

It was for just this purpose that the so-called Act of Liberty and Democratic Solidarity was adopted in the United States in 1995, eliciting protests even from the Americans' closest allies. The West Europeans believe that under the present conditions the existing regime on Cuba can be transformed not by increasing its isolation but, on the contrary, by developing all-around trade, cultural, and other ties. Brussels does not rule out the possibility that the U.S. inclination toward strong-arm methods of democratizing Cuba is conditioned, above all, by the preelection interests of various political forces in the United States, as well as by their desire to keep the island exclusively in the sphere of U.S. interests.

This is why the course of developing relations with Cuba has been clearly apparent in the European Union's policy over the past year. This culminated in the visit to the island which Manuel Marin, one of the leaders of the European Commission, made a few days before the incident with the downed aircraft. It is interesting that the European commissioner was intending to familiarize himself with the positive changes in the political and economic system on the island and on that basis to draw a conclusion on the expediency of starting talks between the EU and Cuba on the conclusion of a trade agreement. And then came the U.S. aircraft, piloted either by CIA agents or by people linked to them....

Subsequent events attest to how the United States intends once again to exploit the incident with the downed aircraft. Having failed to secure the world community's support for sanctions against Cuba, the United States intends to ensure a blockade of the island by means of its own laws, by extending their validity to other states, including the European Union and Russia. And whereas the Americans intend to put more or less covert pressure on the EU, the pressure on the sovereign Russian Federation can be regarded as cynical and overt. The planned reduction of aid and the limiting of U.S. payments to the IMF, whose loans have been factored into this year's Russian budget, constitute nothing but

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arm-twisting. And in order to show once and for all who is master of the house, the United States is threatening the recalcitrant island with military intervention.

Washington is scarcely likely to venture this far in reality. It is another matter to demonstrate once again to the whole world that the United States is the chief expresser and sole guarantor of democratic values. And as we know, everything is permitted to the sole guarantor. Although the word "sole" does not sit very well with democratic concepts.

Russia: Solidarity Group Attacks U.S. 'Economic Blockade' of Cuba

LD1303114196 Moscow ITAR-TASS in English 1130 GMT 13 Mar 96

[FBIS Transcribed Text] MOSCOW, March 13 (Itar-Tass) - The Russian Committee for Cooperation with Latin America described the U.S. law "On freedom and democratic solidarity with Cuba" as an attempt by the United States to assume powers of a world gendarme. Expressing protest against the law, which was adopted by the U.S. Congress and signed by President Bill Clinton, the committee called the Russian government and parliament to voice disagreement with the actions infringing upon the fundamentals of the civilised interstate relations.

The committee in a statement accused the United States of using the recent aircraft incident (when Cuba shot down two U.S. aircraft) for toughening the economic blockade of Cuba and, thus, worsening the material sufferings of the Cuban population.

Chairman of the committee Karen Khachaturov expressed indignation that the "repressive" law also called for sanctions against Cuba's partners, and, in particular, linked U.S. aid to Russia with the country's economic ties with Cuba.

Russia: Deputy Premier: U.S. Must Observe Poultry Health Norms

LD1303121096 Moscow INTERFAX in English 1026 GMT 13 Mar 96

[FBIS Transcribed Text] SMOLENSK, March 13 (Interfax) — Russia's Deputy Prime Minister Aleksandr Zaveryukha told Interfax Wednesday that the Russian Veterinary Service will resume granting licenses for U.S. poultry imports when the United States starts observing the veterinary norms.

"The Russian veterinary service's demands have been legal all along," said Zaveryukha. He warned that "if the exporters continue to disregard the terms of the veterinary license, coordinated by both sides, Russia will take tight measures to protect its market from low-quality products."

On February 16, 1995, Russia's Veterinary Service suspended the issue of licenses for U.S. poultry imports and threatened to stop issuing licenses completely on March 16, 1996, if the veterinary norms are not met.

Zaveryukha expressed the hope that no such decision will have to be taken, because "the U.S. side has already solved many problems pertaining to the presence of pesticides, antibiotics and hormones in chicken meat."

He said that violations of the veterinary norms had previously forced the Russian Veterinary Service to apply "similar sanctions" against France, Germany, Belgium, Vietnam and China. "But none of those countries made a scandal as the United States has done," said Zaveryukha.

He accused the Russian mass media of a "political racket aimed at defending the interests of Russian and possibly foreign commercial organizations, not at protecting Russian poultry farming."

Russia: 'Chicken War' Seen as Attempt To Scuttle Reforms

MK1303122796 Moscow NEZAVISIMAYA GAZETA in Russian 13 Mar 96 p 2

[Commentary by Sergey Mitrofanov: "Political Economy of Chicken War"]

[FBIS Translated Excerpt] [passage omitted] One might have welcomed the Russian authorities' concern for tasty and healthy food had it not been demonstrated in the wake of the passage of a program reforming this country's agriculture, a program which the authorities intend to carry through, once again, at the expense of the population. The gist of such a reform consists in removing those lucky competitors who offer a cheap and good quality product while talking about the benefits of the market. Before the conclusions of the experts emerged, it is this tune that one could hear in what Deputy Premier Aleksandr Zaveryukha was saying. It is easy to hear the same tune in another contemplated government action; that is, to slap a tax on the "shuttle traders [chelnoki]" who, at the moment, handle 25 percent of the country's import deliveries, and who supply the population with virtually 100 percent of the products of light industry.

Like the policy of state protectionism, these decisions do have a logic of their own: To create conditions for the growth of the Russian economy. It ought to be recalled, however, that it was American drumsticks and "shuttle traders" who, in 1992, saved Russia from

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a goods famine and swept a reform government into power. A question arises: What is going to remain of reforms once this pillar of the regime has been blown up?

The so-called "chicken war" between the United States and Russia's agricultural complex, no matter how big a joke it appears to be, is rather the logical result of the following: a) a state-capitalist economy and sectoral lobbies taking shape in Russia; b) the practically unhindered translation of their ideas into big-time politics; c) the absence of attempts at a system-based solution to the problems of the economy.

Russia: Foreign Ministry Not Expecting 'Nightmare' in Taiwan

LD1303123696 Moscow ITAR-TASS World Service in Russian 1135 GMT 13 Feb 96

[FBIS Translated Excerpt] Moscow, 13 Mar — The Russian Foreign Ministry is "not expecting a nightmare scenario" in the developments in the Gulf of Taiwan, Yevgeniy Afanasyev, the head of the First Asia Department of the Russian Foreign Ministry, said in reply to the question of whether the Russian Foreign Ministry is preparing to help Russian citizens who are now in Taiwan.

"We will be acting as required by the situation, on which we are keeping a close eye," the diplomat said. "We will be following the situation."

The Russian diplomat complained that at present, there is no Russian mission in Taiwan which can, on an informal basis, take care of the affairs of the Russian citizens there. Therefore, they are there at present "at their own risk."

According to very approximate reports of the Russian Foreign Ministry and the mission of the Taipei-Moscow coordinating commission in Moscow, there are about 100 Russians in Moscow now, including students, people on work experience projects, and businessmen; 25-30 of them are staying there on a long-term basis. The others have gone there on short tours. [passage omitted]

Russia: Russian, North Korean Border Guards Discuss Cooperation

LD1403092496 Moscow ITAR-TASS in English 0838 GMT 14 Mar 96

[By Larisa Byeloyvan]

[FBIS Transcribed Text] VLADIVOSTOK, March 14 (Itar-Tass) — Delegations of Russian and North Korean border troops met today in the village of Kraskino, Maritime Territory.

The venue of the meeting is close to a junction of borders of Russia, China and North Korea.

The commander of Russian Pacific border district, Colonel-General Vitaliy Sedykh, and the commander of North Korean border troops of the northern Hamhung province, Major-General Pak Ryong Su, discussed measures to implement a border regime accord drawn up between the governments of the former Soviet Union and North Korea in September 1990.

The delegations have discussed prospects of joint guarding of a 17 kilometre stretch of the border.

The parties agreed to maintain regular working contacts.

Russia: Primakov Warsaw Visit Linked to Polish Corridor Issue

MM1403101796 Moscow ROSSIYSKAYA GAZETA in Russian 14 Mar 96 p 7

[Report by Vladimir Kuznechevskiy: "What Shadows Does Poland Fear"]

[FBIS Translated Text] Yevgeniy Primakov's first official visit to Warsaw is designed to persuade the Poles that Russia has never raised the issue of an extraterritorial corridor to Kaliningrad through Poland.

According to available information, Ye. Primakov will not officially be raising the question of the possible construction of a Grodno-Kaliningrad highway, but the actual problem remains and can no longer be avoided. This issue has unexpectedly become a major international problem affecting the interests of Russia, Belarus, Poland, Lithuania, and even the political and military leadership of the North Atlantic alliance. In this situation Ye. Primakov's mission seems extremely difficult since the resolution (or nonresolution) of this problem may act as a litmus test when it comes to the idea of NATO's eastward expansion.

Moscow first raised the question of a railroad line and highway from Grodno via Suwalki to Kaliningrad back in 1994 during a session of the Polish-Russian Commission for Trade and Economic Cooperation. The Poles voiced no objections at the time; the areas of Suwalki and Mozyr through which this route is due to run are notable for their undeveloped infrastructure. And Russia offered to build the highway at its own expense.

Then suddenly, in late February, the Polish mass media began a campaign against this project. Newspapers, radio, and television began saying that Boris Yeltsin was "demanding" an extraterritorial transit corridor through Poland. The Polish mass media recalled that in the past this kind of corridor was forcibly imposed on Poland by Hitler's Germany. Last week Polish President

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Aleksander Kwasniewski paid a surprise lightning visit to Vilnius and during a conversation with Lithuanian President Algirdas Brazauskas stated fairly categorically that the "creation of a special corridor from Belarus to Kaliningrad Oblast via Polish territory" is impossible since the environment in the Suwalki area would suffer as a result. Russia's long-standing "friend," Vytautas Landsbergis, leader of the Lithuanian opposition, raised the temperature by scaring the Poles with his claim that Yeltsin has long nurtured the idea "of recreating the former Suwalki guberniya" of czarist times.

During [Belarus President] A. Lukashenka's visit to Russia 27 February Boris Yeltsin said: "We would like to reach agreement with the Poles and get their consent to the construction of a stretch of highway through their territory?" So, what is going on?

Lithuania's sorry economy has development prospects only in one direction — if the country acts as a corridor for freight traffic between Russia and Europe. Only then will the seaport and railroad station in Klajpeda (what was German Memel), built by the Soviet Union with the last word in technology and which was returned to Lithuania by Moscow in January 1945, not die a natural death. But if the Grodno-Kaliningrad highway is built, all Russian and European freight traffic will pass through the Russian port, and that will mean the end of Klajpeda. That is all quite clear.

But why was Poland opposed to this? It is not in actual fact the environment that is the issue!

A few days ago Radio Liberty reported from Warsaw: "Poland may be afraid that the Suwalki corridor will become Russia's trump card in the issue of NATO's eastward expansion. After all, at any minute Moscow might say that the siting of NATO troops near the 'corridor threatens its strategic security'." That is close to the truth, but it is not the whole story.

Poland firmly intends to join NATO. And there is no point for that military alliance in Russia's having the strategically important Grodno-Kaliningrad highway. According to reports from Warsaw, it was as a result of pressure from NATO headquarters in Brussels that Warsaw suddenly became extremely negative about this Russian project.

Thus, the new Russian foreign minister has to perform a difficult task during his visit to Warsaw. But Ye. Primakov does have arguments to put forward, and convincing ones at that.

Russia: Russia, EU 'Unexpectedly in Unison' on Bosnia

MM1303170396 Moscow IZVESTIYA in Russian 13 Mar 96 p 3

[Report by Vladimir Mikheyev: "Russia Refuses To Arm Bosnians"]

[FBIS Translated Text] For the second time in a week Russia finds itself on the same side of the barricades as the European Union. Separately, but unexpectedly in unison, they expressed disagreement with U.S. initiatives: first with the introduction of tough sanctions against Cuba, and now with plans to "arm and train" the Bosnian Muslim Army.

The Clinton administration sent an invitiation to 41 states and six international organizations to attend a conference to announce contributions to a program of military aid to the Muslim-Croat Federation in Bosnia; the conference is to open 15 March in Ankara.

It is not known how many of those invited will respond. It is known for sure, however, that Russia has declined. On the basis that it stands by the Dayton and Paris agreements, which by no means provide for saturating the Balkans with modern weapons. Sergey Lavrov, our permanent representative to the United Nations, stated: "It is possible to choose the path of force, but it is also possible to be guided by the logic of the peaceful, constructive cohabitation of all the peoples living in Bosnia."

The Americans have another approach. They would like to participate in the rearmanent of the Bosnian Muslims and in raising the combat capability of their army, which, under the accords, has been reduced from 250,000 to 55,000. The logic is in the spirit of the "realist school": to establish a "military balance of forces" in the former Yugoslavia so that peace, as in the Cold War, balances assuredly on bayonets.

The American's preference for this method of constructing peace in the Balkans is also dictated by fears that, if they do not become sponsors of the Bosnian Federation's military building (since nature abhors a vacuum), sympathetic benefactors from among their coreligionists — the countries of the Muslim World — will make a beeline for the region, and this could remove Washington from the game in Europe's "soft underbelly."

A pro-Western orientation is all well and good, but Spanish Foreign Minister Carlos Westendorp commented: "The last thing we want is a conference on rearmament." He was supported by his French counterpart, Herve de Charette: "The peace process needs disarmament, not rearmament."

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Nevertheless, although it has declined to go to Ankara, Moscow has lifted from 14 March the embargo on the delivery of weapons and military equipment to the Balkan countries, with the exception of heavy weapons and ammunition for such weapons, mines, and combat aircraft and helicopters.

Russia: Editorial Condemns General's Bosnia Stance

MK1403104096 Moscow SEGODNYA in Russian 13 Mar 96 p 2

[Report by Mariya Dementyeva and Mikhail Leontyev: "General Shevtsov's Corridor Question. Declarations on Russia's Role in IFOR Are at Odds With Reality"]

[FBIS Translated Text] When talks on the Bosnian settlement were under way in Dayton, the question of the so-called Posavin corridor was one of the key issues. This is the sole link between two parts of Serb territory. It is there that the Serbs sustained the heaviest losses. Having preserved the corridor at such a cost during the war the Serbs undoubtedly could not afford do lose it in the process of the peace talks. The Serb side insisted that the Russian contingent alone could take up positions in the Posavin corridor. It is precisely this aspect that was agreed upon between the Russian defense minister, the General Staff of the United Republic of Yugoslavia, and the leadership of the Serb Republic. In fact, the Bosnian Serbs signed the Dayton accords only upon receiving corresponding guarantees from Russia.

The Russian operational group carried out preliminary reconnaissance in the area of the Posavin corridor and planned to set up its brigade headquarters in Brcko. Suddenly, the decision on the deployment of the Russian contingent's location was reversed. The IFOR command said that no troops at all will be deployed in the area initially designated for the Russian brigade, but that it will be a free zone.

Currently, it is the 1st Brigade of the 1st Armor Division of the U.S. Army that is deployed both in Brcko and in the Posavin corridor.

The Serb side was shocked by this aberration.

One of the key elements of the Dayton agreements is the guarantee of free movement. But the Serbs are certain that the Posavin corridor can now be cut off at any moment. To all appearances these fears are not groundless. The incident where unarmed Serb officers heading for talks were arrested by Muslims at the neutral Sarajevo airfield, which is controlled by IFOR, and were subsequently whisked by air to the seat of the international tribunal, is a case in point. Although the Dayton accords do not call for the function of detaining war criminals to be assigned to IFOR, so as to turn them over to the international war crimes tribunal, there is no guarantee that IFOR will not wish to take up this job as well. It is understandable what role the possession of the Posavin corridor may play in this effort.

Informed sources assert that the decision on changing the brigade's deployment location was made in Brussels by Colonel General Leontiy Shevtsov, deputy commander of the international forces in charge of the Russian troops.

Certain careers are simply overwhelming. Slightly more than a year ago Lieutenant General Shevtsov was chief of staff of the joint group of forces in Chechnya. It is he who played the key part in planning and carrying out operations in Chechnya, particularly the January assault on Groznyy, when columns of Russian armor were misinformed by their own command and simply sent to their death. The operation to seize Groznyy came off as though it were planned in close coordination with Dudayev's staff. Finally, it is General Shevtsov who, having sent paratroopers to Groznyy, raised his famous toast at the New Year drinking bout: "To the crushing of the Airborne Assault Troops!" But after the monstrous demonstration of his strategic genius in Chechnya, Leontiy Shevtsov is not under investigation and is not even a pensioner. He is in Brussels. Once again he gives orders to Russian paratroopers as deputy commander of IFOR in charge of the Russian troops.

Could Colonel General Shevtsov have insisted on compliance with the promise given to Russia? Even if certain Russian diplomats also advised him "to give up" the corridor? He could, without any doubt. However, it would have taken a display of a general's courage — a quality that does not seem to be evident among Mr. Shevtsov's personal virtues.

By the way, the act of "giving up its positions" prompted attempts to take full advantage of the Russian brigade. Sources at the General Staff said that the brigade was insistently advised to be deployed on the Muslim side and to locate its headquarters at a U.S. base in Tuzla. However, the Russian leadership envisioned different objectives when it was sending its troops to participate in the operation.

Everyone remembers how much talk there was about the fact that the Russian contingent would not take orders from NATO, and that Russia would be a full-blown partner in the operation. The Russian president has repeatedly insisted on that in public. The command of the operational group finally managed to deploy the Russian brigade in accordance with the missions that were assigned to it by its national government. Currently, Serb territory accounts for 85 percent of the

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brigade's area of responsibility (1,100 men) and Muslim territory for 15 percent (400 men).

If in Chechnya General Shevtsov nearly destroyed the Russian army, in Bosnia he nearly thwarted Russia's participation in the implementation of the Dayton accords.

When the Serbs learned that there would be no Russian troops in the Posavin corridor they called this "Russia's last betrayal" and prohibited reconnaissance in the new location. Officers say that only after lengthy and difficult talks of the Russian operational group's command with Mladic and Karadzic could the brigade, in the end, be deployed.

Instead of thanks for constructive assistance in carrying out the peacekeeping operation the IFOR command demanded that the leaders of the Russian operational group be replaced, charging them with maintaining contacts with Bosnian Serb leaders.

Actually, this is the first problem that has emerged between the partners. But specialists predict that another one is set appear before long.

Russians and Americans operate in Bosnia on different legal grounds. There is no defined procedure for using force by our troops. NATO troops, for their part, are allowed to use force. Presently, the military thinks, circumstances might well come about when they will have to use force. What will the Russian paratroopers do if confronted with this situation? Call in American reinforcements? At the moment an agreement with NATO is being drawn up, but even that document, specialists assert, passes over this subject. This may turn into a serious snag.

The initial stage of our participation in the NATO operation has once again demonstrated the gap between public declarations and reality that is typical of Russia. They talk about independence — but it is NATO that tackles personnel questions concerning Russian generals. They assert that NATO's eastward expansion is impermissible — at a time when the alliance has already expanded: the 1st Armor Division of the United States, formerly deployed in Germany, is already in the Balkans; negotiations are under way on renewing IFOR's authority; and the Tuzla airfield has been leased for a period of 15 years.

As for Mr. Shevtsov, we think that before he assumed command over the peacekeeping mission in the Balkans the general should have resolved the inevitable question of his role in the Groznyy operation and proved, at least, that it was criminal negligence, not an act of deliberate betrayal.

Russia: Zhirinovskiy Linked to Illegal Arms Exports

MM1303164296 Moscow KOMSOMOLSKAYA PRAVDA in Russian 13 Mar 96 pp 1, 2

[Feature comprising "Own information report"; Ravil Zaripov interviews with Vladimir Zhirinovskiy and Aleksandr Vengerovskiy, dates not given, second interview by telephone with Vengerovskiy in Central Clinical Hospital, Moscow; Aleksandr Golovanov telephone interview with Italian Carabinieri Sublieutenant Vincenzo Vacchiance on 12 March in Rome; published under the general headline: "Vladimir Volfovich Exposed"]

[FBIS Translated Text] It turns out that the LDPR [Liberal Democratic Party of Russia] leader is involved in a major international fraud. Evidence of this is provided by journalists of the German Axel Springer concern and the Italian police.

Colleagues at the Rome office of the major German publishing concern of Axel Springer have told us a curious story. The subject might have been ordinary, especially to the Russian reader, but for Vladimir Volfovich Zhirinovskiy's involvement in it.

Our German colleagues managed to find out that the Italian police, which has become adept at fighting the mafia, is conducting an investigation into a very complex case concerning illegal trading in Russian-made arms and the circulation of counterfeit FRG bank notes. The "heart" of the entire network of smugglers and counterfeiters, it follows from documents in the possession of the Italian guardians of the law, is 49-year-old Slovenian citizen Nikolas Oman. The outwardly respectable businessman, who lives in his own smart villa in Slovenia, has organized the export of firearms from Russia and their transportation to Italy and other European countries, as well as the manufacture and sale of counterfeit German marks [DM] in Europe. The villa is crammed full of artistic curios and antiques. The Italian carabinieri, who have been keeping tabs on Oman and his links in Italy for many months now, have copies of 81 contracts for the delivery of counterfeit money. One of these contracts mentions the sum of DM500 million. The difficulty is that Oman is simultaneously Liberia's honorary consul and enjoys diplomatic immunity. The Liberian flag proudly flutters in front of his villa, reminding guests of the owner's special status.

Axel Springer Verlag correspondents claim that the German Bundesbank's recent expert study of bank notes confiscated in Germany showed them to be very high-quality forgeries, which can be detected only in

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laboratory conditions. According to German journalists the Vatican's Institute of Religious Affairs Bank, which is located on the city state's territory and which is buying up counterfeit bills at a 20-percent discount of their face value, is involved in the circulation of illegal money. Judging from the contents of the initial contract which fell into the police's hands, the first contacts between Oman's henchmen and the bank's representatives took place in April 1994.

What has LDPR leader Zhirinovskiy got to do with this? you ask. By a strange coincidence Vladimir Volfovich is a very good friend of the selfsame Oman. He really likes Slovenia, on his trips to which he always stays at the villa under the Liberian flag. Last year alone Oman and Zhirinovskiy met 14 times. Representatives of Italian law enforcement agencies suggest that such a strong friendship could be evidence of the existence of close business relations between Zhirinovskiy and Oman and of Zhirinovskiy's involvement in the export of arms from Russia. One policeman told Italian journalists that the Italian criminal police is now ready to ask Interpol to facilitate a meeting with Vladimir Volfovich.

Maybe it would then become clear to us why on his trips to Slovenia Zhironovskiy was accompanied by Mr. Vedenkin, who achieved notoriety when he threatened to kill Sergey Kovalev. The Vedenkin scandal, I recall, was associated with dark deeds to raise money for the needs of the political struggle. As to where the money came from, we never found out.... ["Own information" report ends]

I Do Not Know Oman, I Have Never Seen Him, I Have Never Met Him

Who is this Nikolas Oman with whom, according to Western journalists, the LDPR leader maintains close mutual relations? We put the question directly to Vladimir Zhirinovskiy himself.

[Zhirinovskiy] I have no idea who this person is. I have been to Slovenia once in my life, and that was for one day. That was in 1994, which can be verified from my passport. I was speaking at political rallies. Then we had lunch in a restaurant. Most likely he could have come up to me from a neighboring table to make friends. Maybe somebody might have photographed this moment. I have already forgotten these people, it was three years ago.

I have contacts with various people. For example, a man comes up to me and introduces himself as a businessman of a particular country. We have a drink, have a chat, and he leaves. Later he could turn out to be that country's president or the local mafia chief. How can I know that beforehand?

I stress that I have never had any direct contacts or business or political links with this person. [Zhirinovskiy ends]

Journalists, Watch Out for Bullets

State Duma Deputy Chairman Aleksandr Vengerovskiy is still in the Central Clinical Hospital following the attack on him in which the No. 2 in the LDPR party hierarchy was shot in the leg by unknown assailants. The bullet smashed his knee joint.

We telephoned Aleksandr Dmitriyevich in the hospital ward and asked him to comment on the information received.

[Vengerovskiy] I was not involved with that area, specifically contacts between the LDPR and Slovenia. Zhirinovskiy and I were on different trips, and in this region our paths crossed only in the Federal Republic of Yugoslavia. Subsequently I have never been interested in Vladimir Volfovich's personal affairs.

As regards mafia activity in Yugoslavia and Slovenia.... There is, of course, drugs, and there is, of course, arms. There is the formation of various terrorist groupings. Slovenia has no controls, insofar as not a single proper special service operates within it.

Can I ask a question in response?

[Zaripov] Of course.

[Vengerovskiy] Are you not afraid that the same thing that happened to me will happen to you? Do you journalists really think that I was actually shot by communists? (At an LDPR faction press conference it was said that it was not Vengerovskiy but his dog that was being shot at. Then a second version appeared: He was shot by communists, to whom "Vengerovskiy is enemy No. 1" — editor). You have embarked on a very hard and dangerous path.

You can probably guess my attitude toward the LDPR. The LDPR of 1993 is not the same LDPR which exists in 1996. They are chalk and cheese. The time for romantics is over, now everything is different because there are many more opportunities. [Vengerovskiy ends]

Russian Octopus Enrages Italian Carabinieri

Rome — The day before this issue came out KOMSOMOLSKAYA PRAVDA's Rome correspondent telephoned Sublieutenant Vincenzo Vacchiance, leader of the carabinieri subunit which is directly dealing with the investigation of the Oman case.

[Golovanov] At what stage is the investigation now?

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[Vacchiance] We have now moved on to analyzing all material collected in this file and especially witness testimony with the object of thoroughly checking the information contained in them. I am satisfied with the amount of work done.

[Golovanov] Do you intend to make a request through Interpol with the object of obtaining an extradition warrant for the arrest and questioning of Liberian Honorary Consul N.A. Oman?

[Vacchiance] This question will have to be decided in the next few days in conjunction with the legal authorities. At any rate, they will have the final say.

[Golovanov] What can you say about possible action against LDPR leader Vladimir Zhirinovskiy?

[Vacchiance] This is a special case. Therefore all the pros and cons will have to be weighed up again and again. The final decision will be made once the weight of statements from various people in the file has been assessed.

[Golovanov] Roughly when could the first practical steps be taken?

[Vacchiance] In approximately 20 days' time.

[Golovanov] Will we then find out the results of the investigation?

[Vacchiance] Yes, you can expect some news.

[Golovanov] What can you say about other investigations being conducted in Italy into activity associated with illegal arms trading and the circulation of counterfeit money?

[Vacchiance] As far as I know six such cases are currently open.

[Golovanov] Are Russian citizens involved in them?

[Vacchiance] I can say that in practically any operation concerning illegal trafficking in arms, foreign currency, or drugs representatives of your country are involved in one way or another. But as regards the case of which I personally am in charge, I repeat that the appearance of interesting details can be expected.

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Political Issues

Russia: Yeltsin Speaks at Conference on New Communications Link

LD1403123296 Moscow Russian Public Television First Channel Network in Russian 0900 GMT 14 Mar 96

[From the "Novosti" newscast]

[FBIS Translated Text] With the international electrical communications complex being brought on line, Russia has entered a qualitatively new level of integration in the world telecommunications system. The complex has been built using non-budgetary funds in just two and a half years and it combines three fiber-optic cable lines: a western line between Russia and Denmark, an eastern line between Russia and Japan and the Republic of Korea, and a southern line between Moscow, Odessa, and Palermo. A radio relay line between Moscow and Khabarovsk is the connecting link between the three sections. A video telephone link took place at 0800 GMT between the Russian president and the leaders of the states in which the finishing touches are being put to the main international communications lines: Italy, Japan, the Republic of Korea, and Ukraine. In his speech, the Russian president said, among other things:

[Begin Yeltsin recording] With this new international electrical communications center coming on line in Russia, the world telecommunications ring is completely closed. The ring now extends around the entire world. There is no break. It was possible to create it because throughout the world, the understanding is growing that our time is a time of openness by the state, human communication, the exchange of ideas, and the widening of contact. In its turn, all of this is a result of the profound processes of democratization of countries and international relations as a whole. Our country's major technical achievement has required a great deal of work by Russian scientists, engineers, and workers, and it is a specific result of mutually advantageous international cooperation. We have seen again that the potential for cooperation in creating a new-generation, common world system of communications is inexhaustible. [end recording] [video shows Yeltsin, Chernomyrdin, others sitting at table before a gathering of people, Yeltsin addressing the meeting]

Russia: Yeltsin Views Wage Debt Payment Schedule

LD1403112396 Moscow ITAR-TASS in English 1118 GMT 14 Mar 96

[By Andrey Surzhanskiy]

[FBIS Transcribed Text] MOSCOW, March 14 (Itar-Tass) — Starting from March 15, all the regions of Russia will be included in a schedule of the payment of wage debts to workers of the budget-financed spheres, President Yeltsin said today at a meeting with workers of the 9th international telephone communication station in Moscow, where a session of video conference communication with presidents of Ukraine, Italy and South Korea was organised for the Russian leader.

According to President Yeltsin, the government will keep the population informed about progress in the payment of the wage debts. Yeltsin confirmed that "in March, and not a day later, the government should pay all its debts." Interest-free loans and transfers will be granted to those regions, where the situation is especially difficult, the President said.

Russia: Yeltsin Signs Law on Deputies' Status

MM1403103396 Moscow ROSSIYSKIYE VESTI in Russian 14 Mar 96 p 1

[Unattributed report: "Changes to Law"]

[FBIS Translated Text] Boris Yeltsin has signed the law "On Changes to Article 6 of the Federal Law 'On the Status of Federation Council and State Duma Deputies,'" ROSSIYSKIYE VESTI has been told by the head of state's press service.

Our Note

The law was adopted by the State Duma 9 February. Under the new version "servicemen, enlisted men and command staff of internal affairs organs, and Prosecutor's Office organ workers who are elected State Duma deputies suspend their work in their former jobs for the period of their exercise of their powers as deputies." As formerly worded this provision applied solely to deputies of the State Duma, first convocation.

Russia: Yeltsin Approves Civil Servants' Performance Evaluation

MK1403093696 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 13 Mar 96 p 1

[Unattributed report: "Independent Experts Will Be Asked To Evaluate Performance of Civil Servants"]

[FBIS Translated Text] The Russian president has approved by his edict a statute regulating the efficiency rating of federal civil servants.

MOSKOVSKIY KOMSOMOLETS has come to learn that all civil servants are subject to efficiency rating. The evaluation will be made every two to four years.

An efficiency rating commission is being formed for the purpose. Independent experts may be asked to work for it. Importantly, it is the experts' assessment of civil servants' personal qualities that is going to be one of the arguments [as published] that characterizes those being thus rated.

An official's character reference shall be sent to the efficiency rating commission at least two weeks before it goes to work. The reference shall list the main questions in solving which the official has taken part, as well as a

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well-argued assessment of his professional and personal qualities and results of his official activities.

Incidentally, not subject to performance evaluation are the civil servants who have taken up new positions or have reached retirement age and the women on maternity leave.

Efficiency rating shall be carried out in the presence of the official. Following it, he or she shall be given one of the following evaluations: suited for the position held, suited for the position held provided the commission's recommendations are followed, and unsuited for the position held.

Considering the efficiency rating results, the head of a state-run agency can decide on whether to promote the civil servant, give him the next grade, alter the bonus payment, or include him among the promotion prospects. If a civil servant has been recognized unsuited for the position held, he is either sent for additional training or is transferred to another job upon his own consent. The supervisor is entitled to firing the civil servant who refuses to receive additional training.

Russia: Daily Welcomes Aspects of Yeltsin Land Edict

MM1303163896 Moscow IZVESTIYA in Russian 12 Mar 96 p 1

[Article by Yelena Yakovleva: "The Russian President Insists: 'Give the Land to the Peasants!'"]

[FBIS Translated Text] The president has signed an edict "On guarantees of citizens' constitutional rights to land," which is to resolve the knotty problem of land reform contradictions. The edict's purpose is plain and simple: Since in Russia the peasant is the owner of the land, ownership relations must be registered.

If you study our present-day reality in terms of codes of laws, you may be truly surprised why the political temperature always soars in society whenever the subject of private ownership of land or the buying and selling of land crops up. Private ownership of land is long established in Russia: Moreover, all land was long ago divided into shares, and each peasant has a certificate entitling him to own 5-6 hectares, and, consequently, entitling him to sell it, mortgage it, rent it out, and so on.

In fact, though, most peasants have not even seen their ownership rights written down. Despite solemn pledge after solemn pledge, the Russian Federation Committee for Land Resources and Land Management has not actually issued the ownership entitlement certificates. Yet it would be a private owner's dream if the kolkhoz chairman were to come to him in the spring, bow low, and say: "I want to lease your parcel of land, so let's agree terms; the kolkhoz is not rich, as you know yourself, but if I bring you two tonnes of grain in the autumn for the chickens and pigs, will that suit you?"

In reality you get a hybrid of rights and no rights, with the emphasis on no rights. Land in former kolkhozes and sovkhozes, no matter what they are called now, is as a rule owned by a "list of people," but it is used by that same kolkhoz or sovkhoz. These ownership and use relations are not registered at all. As a result, the owner does not feel himself to be a property owner at all. Not because his right to sell is restricted (you could not give away a piece of agricultural land in a remote part of Penza Oblast — either to a Moscow banker or to a foreign investor), but because he does not get any income from the kolkhoz's use of his land. And if he does get it it is purely accidental, if the chairman suddenly turns out to be a trendy liberal.

On the other hand, it is not entirely cozy for the kolkhoz chairman: He is using land which the law could whip from beneath his feet at any moment — for example, to organize a private farm. But the producer has to know on what terms he is using the land. If you ignore Starodubtsev's [Agrarian Party of Russia] position, which amounts to saying "Turn back!", then the demands of the majority of chairmen for a "clarification of land relations" are entirely fair.

Although it is true that the chairmen's recipe — which involves making a corporate body, that is, the kolkhoz again, the owner of the land — is nothing but a demand for the land to be taken from the peasants. It will inhibit the creation of a land market and the passage of land from those who use it badly to those who know how to work on it.

The president's edict does not alter anything, but it does make a demand: The manager (alias kolkhoz chairman!) is obliged to register the relationship with the owner of the land within a certain time.

The main thing when devising the mechanism for registering land relations between owner (peasant) and kolkhoz is to avoid certain pitfalls. Namely — rule out a contract with a collective owner, otherwise the chairman will call a meeting the day after and announce: "That's it, guys. I'll be leasing your land for 25 years!" — and that would be curtains for private owners all over Russia. Moreover, the conclusion of a contract must be the responsibility not of the owner but of the manager, that is, granny should not be chasing after the kolkhoz chairman begging him to lease her parcel of land; on the contrary, the chairman would be unable to start sowing without concluding a contract with her.

The edict makes it incumbent on land committees finally to issue owners with certificates of their rights.

Unfortunately, before an edict gets to the president it finds itself in the procrustean bed of departmental

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interests. For instance, the point that attracted the most celebratory press comment, on the free registration of above-norm pieces of land put to horticultural use, occupied by dachas, or used as private subsidiary plots, if these pieces of land were in your possession before the reform, is causing the greatest bewilderment. At first, the drafters said, they had in mind primarily private farmers' land: If a private farmer leases land from the state for five years, works on it, and does not intend to use it for speculative purposes, it is perfectly reasonable to transfer ownership of the land to him. But in the final version the private farmers had disappeared and dachas had popped up instead.

Dacha privatization has all been turned on its head. What is going to happen now to those who were law abiding and purchased an above-norm share, as prescribed, at the free market price, but the price, particularly in Moscow Oblast, was as much as hundreds and thousands of dollars for one-hundredth part of a hectare? This situation has to be rectified somehow.

Russia: Yeltsin Campaign Gathers 8 Million Signatures

LD1303151796 Moscow INFORMATSIONNOYE AGENTSTVO EKHO MOSKVY in Russian 1330 GMT 13 Mar 96

[FBIS Translated Text] So far 15 action groups which have put forward Boris Yeltsin as a candidate in the presidential elections have gathered around eight million signatures.

Five groups have gathered roughly one million signatures each, Sergey Filatov, chairman of the committee for coordinating the movement of public support for Boris Yeltsin in the elections, told Ekho Moskvy.

Sergey Filatov did not say when the signatures which have been gathered will be handed in to the Central Electoral Commission but noted that they will continue to be gathered.

Russia: Yeltsin Aide Satarov Views Election Strategy

LD1303153896 Moscow Russian Television Network in Russian 1400 GMT 13 Mar 96

[FBIS Translated Text] Today, the Russian president's aide Georgiy Satarov shared with journalists his views on the alignment of political forces on the eve of the presidential elections:

[Begin Satarov recording] At the moment, there is no political leader, and unfortunately for me, that includes the president, who would have a sufficiently broad electorate, broad enough to win at the elections. This naturally dictates a strategy of abandoning the narrow ideological stance. [end recording]

And here, in Satarov's view, the current president of Russia is in a more advantageous position than his main opponents, the Communists. He noted that at the moment, in their electioneering, the Communists are maintaining a strategy of vagueness, trying not to scare off potential voters who are still undecided on how to vote. However, in Satarov's view, vagueness always loses out to the specific.

Georgiy Satarov also touched on Chechnya, a very painful topic for the president:

[Begin Satarov recording] This problem cannot have an exhaustive solution that satisfies everyone and can be implemented within a few months. Perhaps the problem lies elsewhere. It is a problem of changing somewhat the attitude to this pair — Chechnya and what is happening there, and President Yeltsin — of changing the attitude of the electorate and of the political and media elite toward what the president is doing, what he is managing to do, and what he is not managing to do, and for what reasons, and how, as a result, one should regard the president. [video shows Satarov addressing news conference]

Russia: Zyuganov Receives R150 Million for Election Campaign

LD1303191396 Moscow ITAR-TASS in English 1721 GMT 13 Mar 96

[By Igor Belskiy]

[FBIS Transcribed Text] MOSCOW, March 13 (Itar-Tass) — Russia's Central Electoral Commission on Wednesday allocated 150 million roubles [R] to leader of the Communist Party of Russia Gennadiy Zyuganov, the first among the registered candidates for the presidency.

In conformity with the Russian legislation, these budgetary means are allocated to candidates for their election campaign. As it was said at the meeting of the Central Electoral Commission, the federal electoral commission is ready to distribute four billion roubles among the candidates.

Russia: Yabloko Not To Join Third Force Coalition

LD1403104896 Moscow Radio Rossii Network in Russian 0800 GMT 14 Mar 96

[FBIS Translated Text] The Yabloko movement does not intend to join the potential Third Force coalition or set up an election bloc together with it. This statement was made by Grigoriy Yavlinskiy, leader of

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the movement, in an interview to RIA. He said that setting up a bloc with the Third Force is not in the interest of Yabloko, which has its own program and its own goals.

Russia: Gorbachev Interviewed on Campaign Activities

MM1303155096 Moscow IZVESTIYA in Russian 14 Mar 96 p 2

[Interview with former USSR President Mikhail Gorbachev by Gayaz Alimov; place and date not given: "Mikhail Gorbachev: I Do Not Want To Keep Aloof"]

[FBIS Translated Text] Former USSR President Mikhail Gorbachev is returning to big-league politics. Having been out of the limelight for five years since his retirement, he is throwing down a challenge and is fully determined to join the 1996 presidential election race. He has collected the 1 million signatures needed to register as a Russian presidential election contender.

[Alimov] Mikhail Sergeyevich, for many people this comes as a surprise: How have you managed to collect the signatures so rapidly? Are you yourself not amazed?

[Gorbachev] All this inspires me. I have had a bunch of offers from the localities; they are coming in even now. There have been a lot of letters. Needless to say, it is pleasant when such human involvement and attention is shown. The initiative is coming from below. This boosts morale and puts you in a fighting mood.

[Alimov] Who is helping you?

[Gorbachev] Mainly young people. They themselves have been volunteering. In Moscow, for instance. There are student organizations in seven regions.

[Alimov] Since you are conscious of this support, why have you still not definitely said that you will run in the election? So far you have only been heard to say that you are "inclining toward the idea"... etc.

[Gorbachev] Well, I would like to tell IZVESTIYA that as far as I am concerned I have already inwardly made my decision. Within the next few days I will be making a public announcement regarding my involvement in the election.

[Alimov] But wise people say that they will not make the same mistake twice.

[Gorbachev] Well, I am not doing that. There are various possibilities here. Given Russia's current situation I cannot keep aloof. Ultimately it was I who started the reforms. I cannot agree with the way that events have developed in Russia. That is why I want to take part in the election and have set myself the task of winning.

[Alimov] However, Mikhail Sergeyevich, no one is insured against failure.

[Gorbachev] Of course, I may fail. That is elections for you, and that is fine. If that happens, I have no intention of making a tragedy out of it.

[Alimov] Your supporters have said that Raisa Maksimovna is opposed to this. Are you acting contrary to her wishes?

[Gorbachev] That is a family matter. Raisa Maksimovna and I will come to an agreement; we will reach a consensus.

[Alimov] Some people claim that Gorbachev has changed as a politician. In what way?

[Gorbachev] We have all changed. We have acquired new experiences. The country has changed, a great deal has been reappraised and reconsidered. It is just important for us to be able to learn lessons from the mistakes. I hope that I myself have learned those lessons.

Russia: Emil Pain Remarks on Cairo Summit, Terrorism in Chechnya

MM1403095396 Moscow ROSSIYSKIYE VESTI in Russian 14 Mar 96 pp 1-2

[Interview with Emil Pain, leader of the Russian Federation president's working group and member of the Presidential Council, by unnamed correspondent, place and date not given: "The Struggle Against Terrorism Is an International Struggle Against the 'Party of War'"]

[FBIS Translated Text] [ROSSIYSKIYE VESTI] Does it not strike you as strange that Boris Nikolayevich Yeltsin is taking part in a conference on the problems of peacemaking in the Near East at a time when the Chechnya crisis has not been settled in Russia itself?

[Pain] No. The president is going to Cairo to help resolve one of the most important problems not only worldwide but within Russia — the prevention and combating of terrorism.

Terrorism is becoming one of the most terrible and massive political ills of the modern world — almost an epidemic, threatening states with different political systems and levels of economic development. In Russia such monstrous crimes as the hostage-taking and shooting of patients and pregnant women in Budennovsk or Kizlyar are just the tip of the iceberg. Various seemingly trivial or even "everyday" manifestations can also be observed almost daily — in Groznyy, for instance. And we must not consider, as many people do, that Chechen terrorism is just a consequence of the Chechen war. I would recall that Shamil Basayev first hijacked a plane to Turkey

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back in 1991, and in the summer of 1994 the inhabitants of virtually independent Chechnya were hijacking buses and helicopters on practically a monthly basis — and it is hard to differentiate between the economic and political motives for all those acts of terrorism.

[ROSSIYSKIYE VESTI] In what way can the international community help to solve the problem of terrorism in Russia?

[Pain] Terrorism is an international phenomenon by its very nature since, first, it is spread by mechanisms of psychological imitation and infection (a high-profile act of terrorism, particularly one that goes unpunished, is liable to result in a whole slew of similar cases), and, second, because it is based on international organizational structures and finance. For instance, the hand of the Turkish "Gray Wolves" organization has been noted in Italy and in the Nagorno-Karabakh and Chechen conflicts. Separate groupings are operating in both Tajikistan and Chechnya. Palestinian terrorist organizations also have extensive ties. This is why "international terrorists" have to be countered by unity on the part of the civilized world. This means a general legal base, a unified organizational structure, and, possibly, the unified financial resources required to fight one of the most terrible calamities of the 20th century.

But the main thing in this struggle is unity of world public opinion, and the total and universal condemnation of terrorism as a phenomenon, without any exceptions or justification. Terrorism, incidentally, is very sensitive to public opinion — after all, a bandit who takes hostages will demand first and foremost not food, weapons, or ransom, but access to television.

[ROSSIYSKIYE VESTI] Everyone condemns terrorism, but people can interpret the same act and many different phenomena in different ways — some as an act of terrorism, others as a heroic act carried out for the good of their people. How can we tackle this?

[Pain] Political terrorism always hides behind slogans about protecting the interests of its people or downtrodden social groups. And in that sense there is no difference between the IRA, the Palestinian Hamas, or the Chechen gunmen. Just as there is no difference in that they almost always represent a political minority. For instance, the "Basayevites" and "Raduyevites" not only do not represent the Chechen people, but their actions are condemned even by many of Dudayev's political supporters.

Political demagoguery about the "good of the people" and the "freedom struggle" cannot overshadow the fact that terrorism is one of the most deformed phenomena of modern times. The deliberate use of force against unarmed civilians to resolve political tasks — that is what distinguishes terrorism from other crimes. Under the laws of any country this evil undertaking is punished more severely than other crimes — even those which result in a greater number of casualties.

Thus, railroad switchmen, engineers at nuclear power stations, or statesmen may sometimes be responsible for the deaths of hundreds or even thousands of people, but they will be sentenced for criminal negligence or for exceeding their authority. But terrorists who kill even a single hostage must be sentenced far more severely since they **deliberately and purposefully** make attempts against the lives of innocent people. Even hired killers will not kill innocent bystanders. But terrorists, on the other hand, have an interest in staging high-profile killings of the most defenseless people — the objects of their attacks are city buses, schools, and hospitals. That is how they try to force the public to make concessions to their corporate demands.

[ROSSIYSKIYE VESTI] You have already mentioned Chechen and Palestinian terrorism in the same breath. What, in your view, is the greatest similarity between them?

[Pain] Mainly that both of them are the most active and pointed manifestations of resistance to the establishment of peace. Hamas started bombing buses carrying children after political agreement was reached with Israel. Dudayev undertook his insane and doomed attack on Groznyy 6 March on the eve of the discussion of the peace plan at the Security Council.

[ROSSIYSKIYE VESTI] So did Dudayev succeed in wrecking that plan?

[Pain] No, the principle, the conceptual basis of the plan was ratified 7 March. There are just a few details that remain to be coordinated. But we understand what Dudayev was thinking and how he planned to wreck the peace plan. First, he had to "cover with blood" as many of his supporters as possible so as to teach people not to start talks with Moscow behind the general's back. Second, he was seemingly counting on support for his goals from his sworn enemies in Moscow — those who are always calling for hostilities to be continued on the basis that you cannot negotiate with terrorists, interpreting that term exceptionally broadly. The same is happening in the Palestinian conflict. The enemies of peace on the Arab and Israeli sides are helping each other despite the fact that their goals and slogans seem diametrically opposed. Why? Because the end of the war would strip many of them of their image as national heroes-cum-martyrs, some would lose their political influence, and some would lose considerable sources of income.

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But the Palestinian conflict shows that the conflict can only be settled in the event of politicians rejecting extremism and when the readiness for compromise triumphs in both camps — the Israelis have recognized as parties to the talks those whom they had until recently called terrorists. But this only happened after the PLO agreed to recognize its territories solely as an autonomous area rather than a separate state.

[ROSSIYSKIYE VESTI] You are currently head of the organ called the Russian Federation President's Working Group for Ending Hostilities and Settling the Situation in the Chechen Republic. Why was the mission of bringing hostilities in Chechnya to an end entrusted to you, a civilian?

[Pain] Probably because I know how to develop hostilities.

[ROSSIYSKIYE VESTI] But seriously?

[Pain] It is now clear to most sober-minded people that it is far harder to get out of a conflict than it is to get in. It requires a well-balanced political plan. To my mind, such a plan has already been drawn up. I should add straightaway that these are not the proposals put forward to the president by both commissions, but a kind of **combination** of many ideas. I will not enumerate them, since the president has already stated that he will be setting them out. I would just like to say that our Working Group has been allotted the role of a purely analytical organ without any powers. We have been entrusted with the oversight and coordination of the fulfillment of this plan, but the main instrument for carrying out these missions will be the preparation of corresponding reports to the president. Thus, in terms of specification, my job is not so different from the one I had at the Analysis Center and administration.

Russia: Soskovets Says Reforms To Continue

MK1303092496 Moscow NEZAVISIMAYA GAZETA in Russian 12 Mar 96 pp 1-2

[Interview with Oleg Soskovets by Natalya Konstantinova: "'We Will Not Give Up Reforms'"]

[FBIS Translated Text] [Konstantinova] Oleg Nikolayevich [Soskovets], as first deputy government chairman you were called upon to take charge of various areas of home and foreign policy over the past two years. You were also given the task of performing the duties of the chairman of the government during his absence. A short time ago you were in charge of Russian-Ukrainian relations as well as the questions around the rebuilding of Chechnya's national economy.... What is the range of your duties today?

[Soskovets] Since April 1993 I have been first deputy chairman of the government. Within my province are the problems of industry, transport, communications, the military-industrial complex, and military conversion. I also lead the Russian Federation government commission on day-to-day questions as well as the Commission on Improving the Structure of Management of Executive Bodies of Power in the Russian Federation; I am a cochairman of the Council on Personnel Policy under the Russian Federation President....

[Konstantinova] As far as I know, following the congress of representatives of small enterprises, the president of Russia tasked you with taking charge of our new economic entities. Finance and industry groups are, for that matter, also your province. Could you elaborate on the problems facing Russian entrepreneurs? What specifically can the government do to help them?

[Soskovets] A founding conference was held on 24 January 1996 for the Association of Finance and Industry Groups (FPG). Today, they already number 28. One year ago, proceeding from an edict of the Russian Federation president, the government passed a program of assistance to FPG's and identified the priority areas of their formation. The idea was that FPG's were supposed to fill a gap in the middle-management level of industry left by the disbandment of, as well as the curtailed functions of, the industrial ministries. Today, members of finance and industry groups comprise more than 450 enterprises, which include such giants as the plants of the city of Izhevsk, VAZ [the Volga Motor Vehicle Plant], KamAZ [the Kama Truck Plant], GAZ [the Gorkiy Motor Vehicle Plant], the RAO [the Russian Joint-Stock Company], "Norilskiy Nikel," the major metallurgical plants of the city of Angarsk, as well as several commercial banks: ONEKSIMbank, Promstroybank, Avtobank, "Menatep," "Rossiyskiy Kredit," and others. The first international FPG, "Interros," which brings together Russia's and Kazakhstan's enterprises, was set up on 1 September 1995.

All the problems of new entrepreneurship are caused by the country's current economic difficulties. As for support from the government, it is very important that a regulatory basis is already in place: laws and programs — albeit the role of these finance and industry groups is, so far, weakly defined in the government's 1996-1997 economic program. Today, it is necessary to elaborate and approve a mechanism for handing over in pledges blocks of shares of FPG enterprises temporarily run by the state. It is also necessary to find stronger inducements for banks to take part in investment projects. Our own as well as the producers' priorities should be changed to benefit Russia's industry, to protect commodity producers from unfair competition, to toughen

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control on the effective use of federal budget funds and on the collection of taxes, as well as on the prices of products.

[Konstantinova] Today they now increasingly talk about stabilization in the economy as marking another stage of reforms. Nevertheless, the president criticizes both the Finance Ministry, the economic departments, and the government for that matter. In your view, what are the main shortcomings, mistakes and miscalculations? Why money from the budget slips to heaven knows not where, wages are not paid and many other things happen?

[Soskovets] I can say that the government assesses today's situation appropriately. I am personally not very happy with the word "stabilization" because I think it implies marking time. As for the mistakes and miscalculations — which are, of course, there — the first thing we are not doing enough of is analyzing the consequences of the decisions that are made, which is simply necessary to do in reforming an economy of such a magnitude as the Russian economy. In speaking of the fact that inflation was decreasing in 1995 slower than the government planned, one should not forget that among the main factors were the growing prices for energy and transportation services, that is to say the prices of the natural monopolists. It is necessary in this connection to step up control and to regulate in a timely way these natural monopolies because they provoke long successions of price rises. Yet another very painful problem: The investment situation is alarming. The share of state investments has fallen to 13 percent; funds released for military conversion pay for only 25 percent of the program; the budget still owes money for work completed in 1994. It is necessary to take the most urgent measures to rectify the position, otherwise what restructuring of the entire industry can we talk about.

To continue. Despite the fact that exports increased last year, the correlation between domestic and world prices — with the exception of fuel prices — is far in excess of one. In a word, the price reserve for exports is being exhausted. Russia still does not have an appropriate market mechanism for pricing. It is abnormal that prices for the same types of products should differ from region to region by factors of two or three. There is no such thing in any other country in the world. Therefore, we say again and again that there should be tough controls, especially with regard to unscrupulous producers.

But then there are of course the non-payments. One can punish and fire people, but these are far from being the only measures that can improve the situation. The mechanism of interaction between the state and enterprise should be changed. I think we should gradually restore the role of state orders as a means designed to step up production; orders would be guaranteed by the state and producers would have to compete for them. I should hardly mention that persons authorized by the state will be responsible for the use of blocks of shares in joint-stock societies.

[Konstantinova] The military-industrial complex must have found it hardest of all to adapt to new economic environment. Despite the fact that there seems to be both the state's military doctrine and a corresponding chapter dealing with defense sectors in the budget, the reform is sluggish; the military people do not seem to be very satisfied with the state's help.

[Soskovets] The main objective of the defense industry today is to provide the army with modern weapons and equipment. I agree that military people are not satisfied, but I can also speak about what has been done to guarantee restructuring of the defense industry. Several state-run enterprises have been created to develop practical procedures for their interaction with the federal budget. We have already started mass production of new-generation military equipment, having prepared for flight new types of aircraft, the Tu-334 plane in particular, and the Mi-26T heavy helicopter has been certified.

During the current year the government has appropriated big funds for military research and development, their share in the national defense outlays has reached 12 percent. I can also speak of another positive factor: a decline in the production of armaments and military equipment was stopped in 1995. As for military-technical cooperation, 51 states acted as Russia's partners last year. And export of military products and services grew by 80 percent, against the 1994 level, and topped $3 billion with 75 percent of all the supplies paid for in cash.

The areas of military-technical cooperation planned for this year will guarantee further growth of hard-currency income for the Russian economy and help to stabilize the processes taking place in the country's defense complex.

[Konstantinova] What does the government propose to do to increase the social orientation of the economic policy?

[Soskovets] The president of Russia, Boris Yeltsin, and the government have already taken a number of measures to resolve the problem of backlog wages. The cabinet of ministers intends to toughen control over the payment of insurance premiums toward the Pension Fund so as to enable uninterrupted payment of benefits to the most vulnerable sections of the population.

We have never give up reforming the economy in accordance with market principles, but under the present

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situation it is simply necessary to pay heightened attention to solving social problems and to the stimulation of industrial production. It should be admitted that, in the course of the reforms, the government was forced to adopt unpopular measures painful for the population. The social cost of the economic reforms proved high. And we are supposed to do all to defuse the tensions in society. But, I repeat, all the social measures should not be construed as giving up the tight financial policy. In increasing the social orientation of the economic policy the government will not allow inflation to grow. And all the steps taken by the cabinet of ministers should stay within the 1996 budget.

Russia: Shakhray Speaks on Delimitation of Powers

MM1403102896 Moscow TRUD in Russian 14 Mar 96 p 1

[Report by Nikolay Dorofeyev: "Sovereignty Not Always Digested"]

[FBIS Translated Text] The period of distribution and privatization of powers by the components of the Federation has ended. The time has come for their voluntary delegation for joint control with the Russian Federation. There are already trends toward this. This was stated yesterday at a press conference by State Duma Deputy Sergey Shakhray. He said that the Federation components cannot master all powers which according to the Constitution and the Federation Treaty are among the subjects of their exclusive management. For instance, republics like Yakutia, Komi, and Buryatia cannot resolve for themselves problems of supplying their territories and have handed over these questions to joint management....

Sergey Shakhray told journalists that recently Boris Yeltsin signed a provision on the work of the Russian Federation president's commission on the delimitation of subjects of management and powers between the federal organs of state power and the organs of power of the Russian Federation components. The commission will be headed by Sergey Shakhray himself and the sphere of its activity will include the elaboration and expert examination of treaties concluded by the federal organs of power with the Russian Federation components.

Russia: Treasury Chief Smirnov's Possible Dismissal Viewed

MM1303172096 Moscow IZVESTIYA in Russian 13 Mar 96 p 2

[Report by Aleksandr Anichkin and Irina Savvateyeva: "Presidential Staff Declares Open Season on Small Fry"]

[FBIS Translated Text] We are assured in the governmental lobbies that the most aggressive advocate of tough measures — dismissals, audits, hearings, and investigations with the involvement of the public prosecutor's office and the state security service — is Nikolay Yegorov, chief of the Presidential Staff.

Hitherto this has been no more than a supposition. However, IZVESTIYA has managed to obtain a copy of a memorandum addressed to President Yeltsin that effectively confirms the gossip in the corridors of power. The memorandum is entitled "On the Key Question of the Further Implementation of Reforms." However, the document is not so much about reforms as about reprisals.

"There are facts that suggest that one of the main reasons for delays in the issue of pay and pensions is the channeling of the money assigned by the state for this purpose through commercial banks," the presidential chief of staff informs the president. "There is even reference to an oral instruction from A.B. Chubays on this question" (incidentally, rumors to this effect long ago filtered through to the mass media). Nikolay Yegorov stipulates that this requires investigation and, if confirmed, an appropriate reaction.

The use of rumors that have "filtered through" to the press as an argument for the existence of a conspiracy to prevent pay being issued on time can probably be left to the author's conscience. That "Chubays is guilty of everything" already sounds like a smart one-liner. However, it is the figure of Aleksandr Smirnov, chief of the Federal Treasury Main Administration, who finds himself at the epicenter of the president's wrath. With all due respect for this post, it should be noted that the chief treasurer is no more than a high-ranking small fry.

Both he and Finance Minister Vladimir Panskov are characterized in the following devastating terms in Yegorov's memorandum: "It is clear that what stands behind all this is not simple negligence on the part of the leaders of the Finance Ministry and other departments, but the selfish interests of certain persons and corruption and the embezzlement of state funds on a gigantic scale." At Smirnov is also leveled the allegation that "budget funds, including those assigned for pensions, are subjected to unjustified risks in commercial banks and go virtually unmonitored by the Russian Finance Ministry treasury," and that "certain commercial banks are effectively being subsidized at levels that exceed the subsidies for the maintenance of the Army and for agriculture put together."

All the signs suggest that it was this memorandum that served as the basis for the president's decision to instruct the government to resolve the question of dismissing the treasury chief from his post within three weeks. After

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this had already been announced, IZVESTIYA met him and asked him to explain the situation.

"But after all, it is the reasury that has insisted all along on the creation of a rigorous, centralized system of controls over the use of budget funds," Aleksandr Smirnov said. "The current situation is such that only a little over half the funds pass through the treasury system. The rest goes through ministries and departments not subject to the treasury's jurisdiction."

This conclusion is also confirmed by the material of numerous investigations by the Presidential Control Administration, the Audit Office, and other monitoring services. A. Smirnov acquainted IZVESTIYA with a report by the Western District Inspectorate of the President's Control Administration on delays in the issue of pay in Tomsk Oblast, where as of the end of January the federal budget owed 64.74 billion rubles [R] to the law enforcement and military organs alone. In a memorandum addressed to the chief of the Presidential Control Administration the district inspectorate writes that the situation "requires greater coordination of the work of the federal monitoring and law enforcement organs and, above all, the strengthening of the federal treasury in this role."

As for the allegation of "channeling" the money through commercial banks, the chief treasurer considers this to be untrue. Nikolay Yegorov's memorandum lists among the state's major debtors, in particular, the Natsionalnyy Kredit bank. He estimates the bank's debt to the state at $400 million. However, according to a document prepared by the treasury, the sum is of a quite different order. The state has funds "tied up" in this bank to the tune of R23.3 billion (approximately $4.8 million). As of mid-February 1996 Natsionalnyy Kredit" had overdue debts to Rosvorooruzheniye to the tune of R9 billion. In addition, without the knowledge of the Finance Ministry and the treasury, the Ministry for Nationalities Affairs had placed R14.3 billion in Natsionalnny Kredit," which currently finds itself in a difficult position. The Ministry of Nationalities incidentally placed these funds with Natsionalnyy Kredit under a contract signed in September 1994, that is to say, when that department was headed by Nikolay Yegorov. In both cases the treasury had nothing to do with the use of these funds.

Overall, the treasury chief believes, the sum of budgetary funds held in commercial banks has been exaggerated [in Yegorov's memorandum] more than 150 times over by comparison with the real figure.

The treasury chief also denies the charge that using commercial banks as agents to service transactions involving budgetary funds does not correspond to world practice. According to him, transactions involving budget money through commercial banks are actively practiced in many developed countries — Germany, France, and Italy. In Russia the institution of authorized banks appeared in 1992, after the USSR State Bank had been abolished and the centralized system of cash transactions involving budget money had virtually ceased to exist in the country. According to a statute ratified by government decree, the treasury is fully authorized to open accounts to complete transactions involving federal budget funds in the Central Bank or in other banks.

Nevertheless, Aleksandr Smirnov confirms, he himself has taken no such decisions personally, in order to avoid being misinterpreted. Lists of authorized banks were confirmed by the Credit Commission, of which the chief treasurer is not even a member.

Aleksandr Smirnov's possible dismissal is also linked in some reports with a fact make public at a press conference given by presidential aide Aleksandr Livshits: There was allegedly a delay in the issue of wages and other budget payments to the tune of R21 billion in Krasnodar Kray in January through the fault of the regional treasury. IZVESTIYA own correspondent Andrey Aderekhin contacted Valentin Bibik, chief of the Finance Ministry Federal Treasury Administration for Krasnodar Kray.

"The Finance Ministry Audit Office carried out a department-by- department investigation into delays in the issue of pay," he said. "It was established after checking 432 of the kray's rayons that in December 1995 the total sum of budget payments that were not issued on time was R432 billion, with delays of eight to 38 days. And a further R10.4 billion (length of delay from two to eight days) in January 1996. Moreover, the holdups in question took place at the enterprises themselves."

The regional treasury, Valentin Bibik claims, transfers money promptly. The maximum delay can be one or two working days.

...More than two weeks have passed since the edict was adopted, but a decision on Smirnov's dismissal has not yet ensued. It cannot be ruled out that on close examination the arguments cited by the chief of staff proved less than convincing.

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Military Issues

Russia: Chernomyrdin Says Defense Orders Will Be Financed

LD1303183296 Moscow INTERFAX in English 1601 GMT 13 Mar 96

[FBIS Transcribed Text] MOSCOW, March 13 (Interfax) — Russian Prime Minister Viktor Chernomyrdin has said that the government's defense order will be financed within the framework of the 1996 budget.

Financing is the most sensitive problem facing the Russian military-industrial complex, Chernomyrdin said in an interview during his visit to the Khrunichev state research and industrial space center.

Chernomyrdin examined the Khrunichev center's production plans, together with Finance Minister Vladimir Panskov and officials from the economics and defense ministries and a number of other government agencies.

The Khrunichev center, formed in 1993 under a presidential decree on the basis of two major producers of air and space technologies — the Khrunichev factory and the Salyut design office — has been very active on the international market. It offers a number of services, including the launching commercial satellites.

The Khrunichev center, alongside Lockheed-Martin of the United States, and the Energiya company of Russia, is a co-founder of the joint venture called International Launch Services, which plans to gain control of half the international market of commercial satellite launches by the year 2000.

One commercial launch costs $60 million to $70 million. Government orders account for a mere 30 percent of the center's production output.

The center is now modernizing the booster rocket Proton and developing a new carrier rocket Rokot on the basis of the SS-19 inter-continental ballistic missile to be eliminated under the START treaty.

The Khrunichev center has a workforce of 20,000. Wages average 800,000 and are paid without delay.

Russia: Commanders Endorse Statement Supporting Grachev

LD1303141596 Moscow INFORMATSIONNOYE AGENTSTVO EKHO MOSKVY in Russian 1250 GMT 13 Mar 96

[FBIS Translated Text] A full sitting of the collegium of the Ministry of Defense of the Russian Federation took place on 13 March. The only non-member to be invited was Aleksey Venediktov, director of the Ekho Moskvy radio station information service. At this closed sitting of the collegium all its members confirmed that they supported the statement in support of the army and the minister.

Let us remind you that on 11 March information agencies disseminated the text of this statement. However, Ekho Moskvy's informed sources then learned from the General Staff that the collegium had not adopted any statements and that there had not even been a sitting of the collegium.

After this report, Yelena Agapova, Pavel Grachev's assistant, told the Ekho Moskvy information service director that he was invited to attend a sitting of the collegium on 13 March.

During this closed sitting, Petr Deynekin, commander in chief of the Air Force, confirmed that at a meeting of military chiefs on 11 March he really had raised the question of the need to make such a statement. The idea of this statement was approved in principle by all those participating in the conference. However, it was acknowledged that there was a need to finish editorial work on it.

Mikhail Kolesnikov, chief of the General Staff, stated that he chaired this meeting because Pavel Grachev considered it unethical to attend the discussion of this question. "There was no voting on the statement," the chief of the General Staff stressed, "but all those present considered it necessary to adopt such a statement." Mikhail Petrovich noted that he had spoken to several CIS defense ministers and they were in complete solidarity with this statement.

Vladimir Semenov, commander in chief of Ground Forces, stressed that decisions had been adopted at all military councils in all districts to support the minister of defense and that none of the members of the collegium of the ministry had initiated or organized support from below.

Yevgeniy Podkolzin, commnder in chief of Airborne Troops, stressed that his airborne troops are in complete solidarity with the minister and consider attacks upon the minister to be attacks upon the army.

Defense Minister Pavel Grachev in conclusions voiced regret that "the press is more and more frequently having recourse to certain informed sources instead of addressing directly the leadership of the army for precise information."

There was heated talk at the collegium on relations between the mass media and, in particular, the Ekho Moskvy radio station and the Ministry of Defense of Russia. Yelena Agapova, the minister's assistant, stated that she had personally tried to obtain 40 seconds'

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airtime on Russian Public Television for a statement on this issue but she was refused by Sergey Blagovolin, head of Russian Public Television.

Then the members of the collegium went on to discuss as planned the question of the state of affairs in the airborne troops.

Russia: Firing Grachev Considered 'Totally Comic Option'

MK1303132796 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 13 Mar 96 p 1

[Commentary by Aleksandr Stepenov: "Long Parting"]

[FBIS Translated Text] Judging by the flaccid reaction this time by occupants of the Kremlin to speculation on the dismissal of the defense minister, they are seriously thinking about giving up Pavel Sergeich [Grachev; "Sergeich" is colloquial form of Sergeyevich]. "Experts" suddenly threw all caution to the wind and despite [presidential security service chief] Korzhakov's "bugs" are discussing with journalists options for "moving [Grachev] to another job." The options are not bad: the Security Council, the arms trade, and the like.

Mr. Grachev's subordinates, understandably, have put up an all-around defense. They think in the ministry that "fairly well-informed journalists," while moving in high spheres, have gotten wind of an edict being drafted on a transfer and have decided to get ahead of everyone else by giving the news, although it is still unknown whether or not Grachev is going to be dismissed.

Defense Ministry analyst Nikolay Burbyga's assessment of the minister's dismissal prospects is as follows: "Grachev's departure today would only strengthen the positions of rabid Russian Communism. It is they [as published; the Communists are meant] who, on a cue from renegades in the government, would try to blame the minister for everything. However, I do not think they are going to like a new minister — such is this post...."

Given all of Pavel Sergeich's fondness for German cars and lightning operations in the provinces, removing him precisely now would be a rather bad move. A year ago, this would have been taken as attention to public opinion; today it amounts to populism, grandstanding, an oblation which clearly is not going to win the president any more supporters. It is like repaying pension [debts] on election eve. Pensions should have been paid earlier. Paying them before the election is a handout. That's what people indeed think.

To fire Grachev today "for putting a brake on the Armed Forces reform" is a totally comic option: This is tantamount to the president's saying for all to hear: "I was not aware of what was going on in my backyard. I learned about it yesterday and was terrified, you know...."

In sum, the "better late than never" saying can hardly apply to the defense minister. It's late.

Russia: Grachev's Decision on Pay Raises Defended

MM1403112596 Moscow KRASNAYA ZVEZDA in Russian 13 Mar 96 p 1

[Article by Ivan Ivanyuk: "The Myth of an 'Unauthorized Pay Raise' Is Being Created by Those Who Would Like To Continue Keeping the Army on 'Starvation Rations'"]

[FBIS Translated Text] In the last "Itogi" television program Yevgeniy Kiselev, the program's moderator, was heard, inter alia, to accuse the leadership of the Ministry of Defense and, in particular, Army General Pavel Grachev, Russian Federation minister of defense, of supposedly having unlawfully "increased servicemen's wages" by his own decision. Hence, he said, all the delays over issuing money in military units. This is not the first allegation of this kind to be blown up by the mass media at the instigation of certain high-ranking officials.

Let us try to get to the bottom of what the authors of the clamorous statements have in mind. They do not know, let us suppose, that military people receive pay and allowances, not wages. And yet they cannot fail to know that both pay and allowances and wages in the budget-funded sphere are indexed in keeping with a Cabinet of Ministers decision. Last year this was done twice in accordance with Russian Federation Government Decrees 311 of 6 April and 1052 of 30 October.

Thus, if you eliminate the verbal chaff, all these authors can have just one thing in mind — the increments introduced 1 January 1995 on servicemen's salaries. Yes, the minister of defense did sign such an order. But this was neither a spontaneous act nor an arbitrary one, as some people now try to portray it. In point of fact it was a fulfillment of the Russian Federation Government Decree 1349 of 7 December 1994 "On Additional Measures To Step Up Social Protection for Personnel of the Russian Federation Armed Forces, the Internal Troops, and Internal Affairs Organs." It gave the minister of defense the right to establish servicemen's pay rates for military posts with an increase of 25 percent for service in the Armed Forces, a monthly increment for complexity, intensity, and special regime of service of up to 50 percent of the pay rate for the military post, and a bonus of up to three times the rate of annual pay and allowances, and also to give material assistance to the tune of two times the rate of annual pay and allowances instead of

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just one. Incidentally, the same right was granted to the minister of internal affairs.

Those who have forgotten the situation in which this government decision was adopted evidently ought to be reminded that it was signed on the eve of the start of the combat operations to disarm the illegal armed formations on the territory of the Chechen Republic. There was also another factor of some considerable importance: By that time the system of pay and allowances which had been established as of January 1993 — once again by the government — and which proposed a single level of material provision for servicemen of different ministries and departments fulfilling tasks under the same conditions, had been destroyed once and for all. The decisions adopted at various levels on the introduction of additional kinds of pay and allowances at the Federal Government Communications and Information Agency, the Federal Security Service, the Foreign Intelligence Service, and the Federal Border Service had created a very significant and quite unjustified discrepancy in the level of remuneration for servicemen of these structures compared with that prevailing in the Army and Navy. The rights granted to the minister of defense at the end of 1994 enabled him not to eliminate but merely to reduce this gap somewhat.

To all appearances, it was not for form's sake but in order to at least partly eliminate social injustice and to remove tension in military collectives that the government adopted this decree. Any unbiased person can understand that the minister of defense could not fail to implement the idea that it enshrined. But, again taking the complex economic situation in the country into account, the payments provided for were introduced for just over half the personnel, primarily for those who were fulfilling tasks in Chechnya, Tajikistan, and other "hot spots."

The authors of the financial revelations about the Army prefer to keep quiet about these and other factors, creating in the ignorant section of the population the impression that the military are extorting "crazy" pay rates for themselves almost by force and acting in a simply willful manner. And yet, with all the raises and increments, a captain who is a company commander now receives 1.1-1.3 million rubles [R] per month. If his wife is not working — which is the rule rather than the exception, since there are no jobs in the garrison — and there are two children in the family, then it is easy to calculate that the family finds itself considerably below the poverty line.

Among the accusations being leveled against the Defense Ministry leadership we also find this: No money was provided for in the 1995 military budget for the introduction of any increments, and it should have proceeded on the basis of the appropriations allocated. And yet the whole problem is precisely that the 1995 budget approved sums for defense needs which do not meet even the most minimal requirements. Out of the amount prescribed in the law, the military department experienced a shortfall of over R15 trillion. The picture is similar this year — the Ministry of Defense is still living on credit. The money earmarked for pay and allowances and for wages would suffice (without any raise) for 10 months. Taking the arrears into consideration, it will suffice until the presidential election, and then some more. And yet the Army still has to be clothed and shod. Unfortunately, the picture is similar with regard to these classes of expenditure too.

Thus, the attempts by "Itogi" and other mass media to portray the Ministry of Defense as a department which establishes certain increments and payments for itself, and to find some compromising material against its leadership by speculating on the difficulties in which many servicemen's families have ended up, are absurd and ridiculous. Such a thing can arouse nothing but indignation in military collectives.

Russia: Airborne Troop Commander on Financing, Reorganization

LD1303150396 Moscow INFORMATSIONNOYE AGENTSTVO EKHO MOSKVY in Russian 1305 GMT 13 Mar 96

[FBIS Translated Text] "Financing remains the main problem for airborne troops," Yevgeniy Podkolzin, commander in chief of airborne troops, said in an interview to Ekho Moskvy radio station.

"If we receive only our financial support today, we will become drones. We will receive the money and eat it up. A soldier does not need to be trained or taught [as heard]. He should be able to shoot, camouflage himself, drive a motor vehicle, decide questions which concern his professional training. All of that depends again on financing," he noted.

"Apart from that there are still many problems concerning the men of the airborne troops. There have already been four instances of men leaving their posts with weapons. Soldiers who as civilians were on the all-Russia wanted list for murder and looting were involved in two of them. We are ending up even with criminals due to the manpower shortage," the commander-in-chief of airborne troops stressed.

As far as the reorganization of the airborne troops is concerned, Ye. Podkolzin said that the troops are being preserved but individual brigades will be placed under the command of the military district on the territory of which they are situated.

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Federal Assembly

Russia: Duma Defense Committee Chairman Criticizes Chechnya Policy

LD1303155396 Moscow NTV in Russian 1635 GMT 11 Mar 96

[FBIS Summary] General Lev Rokhlin, chairman of the State Duma Defense Committee, appears as a guest on NTV Television's "Hero of the Day" live interview program. Rokhlin, who took an active part in the first assault on Groznyy in January 1995, says during the 20-minute interview that given the importance of the catastrophe in Chechnya, all the attention of the power ministers should be focused there and the ministers themselves should be there, ensuring that the troops are properly supplied and organized.

Asked by moderator Pavel Lobkov whether he "is addressing his criticism of unprofessional conduct toward Pavel Grachev in person," Rokhlin replies that his criticism is directed at everyone, but primarily to the Interior Ministry, which should have prevented Dudayev's men from infiltrating the city in the first place.

After a recap over video of the day's news from Chechnya, Lobkov asks for Rokhlin's view of calls for President Yeltsin to enter into direct talks with Dzhokhar Dudayev. Rokhlin replies: "Well, in the first place, the decision has to be taken by the president and the government, not me. But my view is that nobody may force the president of such a great country to do what they think is necessary. It would be a great disgrace for the government and the leadership of the country, at least, to conduct negotiations with Dudayev." Rokhlin says that Doku Zavgayev should play the main role in negotiatons and bringing about a settlement."

Rokhlin compares the high level of discipline among Russian troops in the Afghan war with the evident demoralization now.

ITAR-TASS observer Tamara Zamyatina notes, in a separate comment during the program, that Yeltsin is more likely to appoint Grachev to a high government post than ditch him altogether. Rokhlin, in the NTV studio, refuses to comment, saying it is not his place to do so. Grachev is not the only one responsible for the state of the army; in the USSR, there was a whole group of people involved in the defense of the country, Rokhlin adds.

Russia: Duma Insists on Proper Funding of Education, Science

MM1303160996 Moscow ROSSIYSKAYA GAZETA in Russian 12 Mar 96 p 6

[Unattributed report under the "At the State Duma" rubric: "Science and Education on Brink of Crisis"]

[FBIS Translated Text] The Russian Federation Government has failed to carry out the Federal Law "On the Federal Budget for 1995," the federal budget for 1996, the Law "On Education," Presidential Edict No. 1 "On Priority Measures To Develop Education in the RSFSR," dated 11 July 1991, and Presidential Edict No. 66 "On Measures To Ensure the Prompt Payment of Wages out of Budgets at all Levels, Pensions, and Other Payments," dated 19 January 1996, with regard to the funding of education and science — this is the categorical tone of the preamble to a State Duma decree adopted on this question.

The State Duma emphasizes that the constant underfinancing of educational and scientific institutions and delays in paying wages and grants have caused a drastic worsening of the situation in them and has led to protest actions against the government and the executive authorities.

In order to stabilize the situation in the sphere of education and science the State Duma has instructed the government to clear last year's budget arrears by 1 March. The federal executive authorities have been instructed to examine the question of officials' accountability for delaying the payment of wages. It is essential to resolve the questions of banning disconnection and freezing the prices for sources of energy for state educational and scientific institutions. Resources must be specifically identified to clear last year's budget arrears for electricity and the leasing of buildings and other premises. Extrabudgetary sources are also to be used for the additional funding of science and education.

The Russian Federation Comptroller's Office has been instructed to carry out a monthly check of the government's execution of the Law "On the Federal Budget for 1996" with respect to the funding of education and science.

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Russia: Agrarians Dismayed Over Presidential Land Edict

MK1403111396 Moscow KOMMERSANT-DAILY in Russian 13 Mar 96 p 3

[Report by Boris Boyko: "The Whole Thing Should Have Been Started Earlier"]

[FBIS Translated Text] The presidential edict "On the Implementation of the Citizens' Constitutional Land Rights," which confirms the right to buy and sell land, may not have produced an economic revolution, but it certainly produced a political effect. The Duma agrarians — who have been unable to pass a land code for two years — were stunned. Yesterday's session of the parliamentary agrarian group even heard a proposal to appeal the edict "which is devastating to large farms." Those present, however, admitted that this is not an easy thing to do. And it has not been ruled out that, in the end, the agrarians will dare not confront the president on such a sensitive issue.

Yesterday the agrarians were left with nothing to do except admit that the president had upstaged them. "Why could we not adopt a land code last year," lamented Agrarian Party leader Mikhail Lapshin who was invited to the session. "Life has punished us severely!" he said. "What was the point of starting the whole thing? Why did the president not wait until the land code was adopted?" asked a confused Lapshin of one of the edict's authors, Valeriy Alakoza, first deputy chairman of the Russian State Land Committee. The answer, as the saying goes, was in the air. Agrarian group leader Nikolay Kharitonov summed it up: "The edict clearly indicates that the president will veto the Land Code." It should be noted that this conclusion is not at all groundless. The current draft code does not even provide for the limited possibility of buying and selling agricultural land (in elaborating this draft the agrarians supported the Communists' position).

True, Lapshin tried to calm the audience by saying that the edict will make the peasants' life more difficult and that in June they will vote against Yeltsin. But the agrarians saw that as a small consolation and decided to think of how to disavow the edict right then and there. As it transpired, that was not so easy after all. The agrarians' contention that the spring planting program will inevitably halt owing to "the re-registration of all farms and shareholders envisioned under the edict" did not look very substantiated: After an explanation by Valeriy Alakoza the participants admitted that the edict does not after all provide for such re-registration. The sole argument the agrarians could come up with was that the edict contravenes Article 36 of the Constitution, which says that land relations are regulated by a special law. Deputy Vladimir Isakov proposed using this argument in preparing a draft statement on behalf of the Duma (subsequently invoking this statement as grounds for appealing to the Constitutional Court). Furthermore, Isakov proposed drafting a law limiting the edict's effects (for instance, establishing that land may not be sold immediately after it was bought).

The group generally supported such proposals. This, however, does not mean that in the future the agrarians will act decisively. For instance, Gennadiy Kulik, one of the most influential agrarians, spoke sharply against attempts to fight the edict. "The more noise we produce," he said, "the more votes the president will be getting. The idea of appealing the edict is a threat to take land away and therefore means a loss of votes." To back up his point he cited the fact that there are already 40 million land plot owners in Russia, but only 12 million land share holders. Because the edict becomes inoperative after the adoption of the Land Code, Kulik simply invited the agrarians to ensure an early finalization of the code.

Regional Affairs

Russia: Dudayev, Tatar President Exchange Messages on Peace Talks

LD1403124996 Moscow Radio Rossii Network in Russian 1100 GMT 14 Mar 96

[FBIS Translated Text] In Kazan, Mintimir Shaymiyev received a reply from Dzhokhar Dudayev to his proposal on a peaceful settlement of the situation in Chechnya. Here is our Kazan correspondent, Dzhoudat Aminov, with details:

[Aminov] Tatarstan's President Mintimir Shaymiyev proposed his own peace plan in Chechnya. He is ready to act as an intermediary if his proposals are accepted. They were handed over to Vagap Tutakov, a representative of the Ichkeriya parliament. And now we have a reply from the Dudayev side, with his remarks on this peace plan. Dzhokhar Dudayev agrees to hold talks if both sides involved in the conflict, the Russians and the Chechens, are represented and if the rebels are described as home guards. There are proposals to discuss in a more concrete way the issue of intermediaries and guarantors in the peaceful settlement of the Chechen situation.

The Tatar president's administration regards these remarks as quite admissible, being prepared for further contacts with representatives of Dzhokhar Dudayev if the latter are appropriately empowered. In the meantime, Mintimir Shaymiyev stated many times during his election campaign prior to the 24 March elections in the

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republic that he sees Boris Yeltsin as the only possible president of Russia but for the war in Chechnya.

Russia: Gorbachev Campaign Wins Foothold in Siberia

MM1403092496 Moscow KOMSOMOLSKAYA PRAVDA in Russian 13 Mar 96 p 2

[Report by Andrey Chelnokov: "Novosibirsk Votes for Gorbachev"]

[FBIS Translated Text] The only regional branch of the Gorbachev Foundation beyond the Urals has opened in Novosibirsk. This organization, which has not displayed any special activeness until recently, has suddenly loudly made its presence felt as one of the first in the region to have collected and submitted to the Central Electoral Commission over 50,000 signatures in support of M.S. Gorbachev's candidacy in the coming election for Russian president. It is noteworthy that this figure is one of the highest in Novosibirsk Oblast, whose inhabitants undoubtedly preferred the communists in the latest State Duma elections. According to unofficial information, other candidates are far behind the former USSR president in terms of the number of votes collected in the region.

Russia: Khabarovsk Head Asks Yeltsin To Help Financial Problems

LD1403120496 Moscow INTERFAX in English 1131 GMT 14 Mar 96

[FBIS Transcribed Text] KHABAROVSK, March 14 (Interfax-Eurasia) — Governor of the Khabarovsk Territory Viktor Ishayev has sent a message to Russian President Boris Yeltsin in connection with the extremely strained situation in the local economy.

Workers at local defense factories have received no wages for four to five months, and the debt to budget-financed enterprises totals 320 billion rubles. Ishayev blames the crisis on the federal budget's debt for defense contracts and inadequate financing of military units in the territory, which are unable to pay for communal services and food supplies. "The debts of the military snowball with every month and affect the general situation in the region," the message runs.

On March 1, the federal budget owed the Khabarovsk territory 1 trillion rubles, Governor Ishayev says in his message. He asks Yeltsin to intervene and issue appropriate instructions to the government.

Russia: N. Ossetian Leader on Need for Regional Meeting

LD1403105196 Moscow ITAR-TASS in English 0930 GMT 14 Mar 96

[By Valeriy Shanayev]

[FBIS Transcribed Text] VLADIKAVKAZ, March 14 (Itar-Tass) — North Ossetian President Akhsarbek Galazov proposes that leaders of Transcaucasian newly independent states and of Russia's North Caucasus meet in May of 1996.

The North Ossetian capital Vladikavkaz offers to host the meeting, with attendance of President Boris Yeltsin.

Galazov's proposal has been endorsed by Georgian President Eduard Shevardnadze during their meeting in Tbilisi last Tuesday.

Georgian media said Shevardnadze and Galazav agreed that there are no local solutions to the problems of the Caucasus, a multi-ethnic region.

The Caucasian region has been the scene of an ethnic conflict between North Ossetia and Ingushetia and between Georgia and its breakaway enclaves of Southern Ossetia and Abkhazia. Trouble culminated in the separatist bid by Chechnya and Russia's sending troops to crush it.

The bloody spillovers of the 14-month-old Chechnya war into neighbouring Caucasian areas have been into the Stavropol territory's town of Budennovsk, Daghestan's town of Kizlar and the village of Pervomayskoye, and Ingushetia's villages of Arshty and Galashkiy.

Part of the North Caucasian scene are Russian Cossack populations which in imperial Russia used to be paramilitary communities activated into crack forces at times of emergency, including Russia's decades-long war with Chechnya.

Galazov proposes that the leaders of the North Caucasus and Transcaucasia meet to discuss regional problems of disarmament of militant factions, re-settlement of refugees driven out of their homes in the conflicts and re-establishment of regional economic and cultural ties.

Georgian media quoted Galazov and Shevardnadze as agreeing that the meeting would influence Russia's forthcoming presidential election.

Galazov stressed that peace-making moves by President Boris Yeltsin are crucial for Russia's territorial integrity. Yeltsin is as important for peace across the CIS, he said.

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Russia: Far East Threatens To Stop Payments to Russia's Budget

LD1403103596 Moscow ITAR-TASS in English 1024 GMT 14 Mar 96

[By Eduard Popov]

[FBIS Transcribed Text] VLADIVOSTOK, March 14 (Itar-Tass) — The Maritime territory in the Russian Far East threatened to stop paying taxes, customs, currency and other duties to the federal budget unless the Russian government repays its budget debts to the region amounting to 1.8 trillion roubles (375 million USD) before April 1.

"As a result of cutting off houses from electricity and heat supplies caused by mutual non-payments, as a result of four to five months wage arrears and non-payment of state allowances for the children, citizens of the Maritime region have become 'cave dwellers'. They have no means of subsistance and their children faint from hunger," reads a letter sent by the local legislature to the Russian president and parliament on Thursday.

It emphasises that mass actions of protest have taken place in the regional cities over the past few days. "Crowds of desperate people daily seal off streets and railways. The buildings of the Duma and local administration were blocked on March 6. Actions of protest are carried out under political slogans," the letter goes on.

The regional Duma draws attention to the fact that "none of the instructions of the president issued over the past two months to the Russian government to solve the problem of indebtedness to the Maritime region has been fulfilled."

Russia: Oil Extraction To Be Expanded in Tyumen

MM1403112796 Moscow TRUD in Russian 14 Mar 96 p 2

[Unattributed report under general heading: "Business Chronicle"]

[FBIS Translated Text] In 1996 the "Tyumenneftegaz" joint-stock company increased oil extraction to 1.627 million tonnes, the enterprise's general director, Sergey Titov, stated. In 1995 extraction was 1.5 million tonnes. According to S. Titov the total stocks of oil at the joint-stock company's deposits are put at 1.2 billion tonnes. Right now the Kalchinskoye, Yermakovskoye, and Zapadno-Osakovskoye deposits are being developed. In 1996 exploratory drilling will continue at new deposits of the Uvat group in the southern part of the oblast. After the new deposits have been put into operation the annual extraction of "Tyumenneftegaz" will reach 6-8 million tonnes.

Russia: Crime, Corruption at Sheremetyevo-2 Viewed

964F1316A Moscow KOMMERSANT-DAILY in Russian 24 Feb 96 p 19

[Article by correspondent Maksim Varyvdin: "Bermuda Triangle at an International Airport"]

[FBIS Translated Text] The police officers working at Sheremetyevo-2 Airport maintain that the territory under their jurisdiction is just about the most tranquil spot on earth. Not a single homicide has been recorded here over the past several years; nor are there any criminal showdowns at the airport, and extraordinary occurrences are altogether a great rarity. The only thing clouding the life of the Sheremetyevo police officers are the thefts of passengers' baggage and narcotics trafficking. But having visited Sheremetyevo, KOMMERSANT correspondent Maksim Varyvdin learned that not all there is as well as the local law enforcement authorities would like: Not only suitcases but also people go missing on the airport grounds.

Problems of Colonel Gubanov

Taxi drivers agreed to take me from my native Babushkinskiy Rayon to Sheremetyevo-2 only for $50. I am not greedy but nor am I mad, and for this reason I went to the River Station by Metro and then transferred to an express bus, which took me to the airport for just R5,000. For the passengers' entertainment on the bus books on maniacs, professional killers, and secret operations of the KGB were on sale. The books about maniacs sold the most.

The first thing I did was to call at the building of the local internal affairs airport office. It was reminiscent more of a barracks than a police station. It is said that a start will be made on the construction of a new building for the police officers this year, although just several billion rubles have been allocated for this, it is true. This is not enough, but there have been no sponsors as yet.

Our Own Gangsters

According to operational data, Sheremetyevo does not have just one single "cover." Chechen, Koptevo, Khimki, and Lobnya gangsters have firms here that they control. They do not commit serious crimes—they collect tribute from the taxi drivers and engage in intimidation at the currency exchange outlets. The Chechens pay the local police officers R250,000 each on the last Thursday of every month. The leadership

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of the Lobnya Internal Affairs Administration knows nothing about this. But the police officers have no problems with the gangsters here. As one task force officer observed, "our gangsters do not shit here."

Colonel Gennadiy Gubanov, chief of the local police, received me in a spacious office, whose walls are adorned by a huge satellite photograph of the airport and a collection of police service caps. There were police service caps in other offices also. Noticing my surprise, the colonel explained: "Police are frequent visitors here. We exchange souvenirs."

"Sheremetyevo is not your Moscow," Gubanov happily told me. "You have gang warfare going on there. Here all is quiet. In the past several years there has not been, as distinct from other airports, a single killing or rape. True, businessmen are abducted, but we cannot arrange security for every passenger."

Other problems are what worry Colonel Gubanov: carjackings and suitcase theft have become more frequent. "The passengers themselves are to blame also—they need to pay more attention and not entrust their baggage to the first person they meet," he says angrily. Then, true, he acknowledges: "The handlers steal also. Sometimes straight from the aircraft. They thought up this trick, for example. Meeting a passenger aircraft, they open up the inner paneling of the aircraft and hide behind it a suitcase that has taken their fancy. Then, in the evening, they collect it, fasten the paneling back in place, and very quietly share out the stolen goods. Or they break open the plastic suitcases of which foreigners are so fond, and pull out of them things to which they have taken a liking and then attempt to write off what is missing to 'drying and spillage.' It also happens that passengers arriving from overseas do not receive their baggage. They have recourse to the police and they make a fuss. It is subsequently ascertained that during loading overseas there was a mixup over the airplanes and that the suitcases will be arriving safe and sound in a couple of days."

The thieving baggage handlers at Sheremetyevo-2 are being tackled: "We are sacking whole teams. They are now being watched not only by my officers but various security services also. True, it is not doing much good—things are going missing, all the same."

Listening to the colonel, I remembered the past. At the end of the 1980's and the start of the 1990's Sheremetyevo-2 was reputed to be an airport at which you could easily steal $1 million or a large goods consignment. In December 1989 baggage handlers carried off two sacks containing $800,000 purchased by the USSR Vneshekonombank from New York's Republican National Bank. The sacks were lying on an open cart and completely unguarded. The thieves were caught. Only $40,000 was found on them, it is true. In November 1992 some $1.5 million of diamonds and 12 kg of platinum were stolen by the handlers during baggage loading. These criminals were grabbed also.

"Such amounts are no longer stolen," Gubanov maintains. "We are keeping watch." But the colonel is right—you can't watch everyone or provide security for every passenger. And people go missing at Sheremetyevo also.

The 'Vodka King' Shared the Fate of the Aluminum Magnate

Mark Nudel, a top American entrepreneur and a founder of the Russkaya Amerika firm, paid a visit to Russia at the end of last year. He was born in the USSR, emigrated to the United States many years ago, and took up residence at Brighton Beach in New York. He was one of the first to begin trading in Kremlevskaya and White Eagle and made his fortune from this.

On the eve of 1996 Nudel was about to head to New York. He wanted to see in the New Year with his family. On 25 December Nudel with strong security arrived at Sheremetyevo-2. He was stopped at the entrance to the airport building by two men in civilian clothes. They showed Nudel and his security guards identification of the Federal Security Service of Russia and asked him to spare them a couple of minutes. As soon as the businessman took his seat in the state security "9," it abruptly picked up speed and shot off in the direction of Moscow.

The security personnel ran to the police, where they were told that the law enforcement authorities had nothing to do with what had happened. A couple of days later relatives of the entrepreneur received phone calls demanding that DM3 million be transferred to the account of some German firm.

The money went to Germany, and from there either to Cyprus or to Africa. But Nudel was not released. Russian detectives assume that the businessman is more likely to be dead than alive. But FBI agents, who have joined the search for the entrepreneur, have not yet given up hope of finding him. They believe that Nudel staged his abduction, obtained a large sum in cash, and is now resting somewhere on the islands.

Representatives of Russkaya Amerika whom I contacted by telephone listened to this story closely, after which they declared: "What is there to say, you know more than we do!"

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Sheremetyevo Prices

There is a reluctance to talk about corruption at Sheremetyevo. True, the task force officers maintain that in the course of last year Sheremetyevo Customs was forced to replace just about half its personnel. The customs officers, however, say that just as many police officers were dismissed also.

Yet entrepreneurs who fly overseas frequently are well aware of the "rates" for the services of the law enforcement authorities at the airport. Thus it costs up to $5,000 to "overlook" a container brought in from overseas. Up to $1,000 is paid for the possibility of an urgent flight abroad on an outdated or incorrectly completed overseas passport.

One further story. Daniel Weinstock, owner of the Australian Videotechnology company, and his wife Yvonne were abducted on 6 January 1992 from the arrival lounge. The criminals took the couple to an apartment in Moscow and forced them to call their relatives in the United States and ask for $25 million to be transferred to Duesseldorf. The relatives contacted the FBI, and the special service got in touch with the Moscow Criminal Investigation Department. When the criminals called again, the telephone number and the address of the apartment from where they were calling were established. It was ascertained that it was owned by the kingpin of the Baumanskaya grouping nicknamed Alek the Gypsy. As a result, the hostages were released: They had been held at a dacha near Noginsk. Among the gangsters' accomplices (six persons were arrested) was a former lieutenant colonel of the KGB who had taken part in the negotiations with the abductees' American relatives.

Felix Lvov, representative of the American AIOC company, who had been involved in exports of aluminum and other nonferrous metals from Russia, went missing at Sheremetyevo-2 on 7 September 1995. His bodyguards had accompanied Lvov to the airport's passport control and, having satisfied themselves that he had passed through it, set off home. Lvov did not make it to the aircraft. He was approached in the neutral zone by two unknown persons who introduced themselves as FSB [Federal Security Service] officers and suggested that he follow them. The next morning the entrepreneur's corpse was accidentally discovered at the 107 km marker on the Moscow-Riga Highway by passengers of the scheduled bus service. Lvov had been killed by five pistol shots.

Of course, the investigation of such crimes is beyond the jurisdiction of Colonel Gubanov, this is the province of officers of the criminal investigation department and the organized crime office. The colonel's job is to catch criminal baggage handlers and help the customs officers detain smugglers.

Having spoken a while with the chief of the Lobnya Internal Affairs Administration, I made for one of the airport's most important facilities—the Special Control Center.

Narcotics in Condoms

A police officer entered the duty shift recreation room. He placed on the table a retractable nightstick and a switchblade knife. Seeing me, he explains: "I confiscated them from shuttle travelers. All the same, they'll get nothing—a fine, at most."

He sinks down wearily into the armchair. "Every day we confiscate stuff. But this is not what is most important." And he began to describe how the police, in conjunction with the customs people and FSB officers, had since the start of the year confiscated from passengers 30 kg of cocaine and several kilos of other strong narcotics. Fourteen persons had been arrested for narcotics trafficking. The majority of the drug-courier detainees were Africans. They usually purchase the cheapest tickets and fly Aeroflot.

"It is impossible to talk with them," the relaxing police officer complained, "they pretend that they can only speak their own language. Even interrogation is pointless. And it also happens that there is no one to do the interrogating."

He gave an example. A drug courier from Nigeria was carrying narcotics—a kilo of heroin packed in several condoms in his stomach. Under the impact of gastric juices the condoms burst. When the airplane landed, the Nigerian was taken to hospital with serious poisoning. He died there.

"The subterfuges of the smugglers evoke respect even among the customs officers," the police officer said, "heroin is hidden in television receivers, the soles of sabots are stuffed with hashish, and attempts have been made to bring in narcotics in a coconut. But if all were caught, they would not bring it in...."

They not only bring into but take out from Russia. For such operations, the FSB believes, the smugglers frequently use the VIP lounge. But they are caught there also. Police officers recently detained in the VIP lounge a smuggler with a whole bag of jewelry. They said that he had passed customs control with no problems. Another VIP passenger was detained in an attempt to take out 114 gold crowns in a cigarette pack. Before passing through the metal detector, the passenger had placed the pack on the inspector's desk and then calmly picked it up and walked toward the aircraft. But it is

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hard to fool Sheremetyevo customs officers, so Colonel Gubanov maintains, at least.

The tour of Sheremetyevo is over. I exit the airport building. Taxi drivers hurl themselves at me. The price of a ride to Moscow has risen to $100. I make for the bus....

You can read what the ride by taxi from Sheremetyevo is like on page 11.

Economic Issues

Russia: Yeltsin Aide Outlines 'Second-Wave' Reforms

MM1403094596 Moscow TRUD in Russian 12 Mar 96 pp 1-2

[Interview with Russian Federation presidential adviser on economic issues Aleksandr Livshits by Vladimir Naumov; date and place not given: "A Second Wave of Reform Is the Route to Prosperity"]

[FBIS Translated Text] Many issues raised in the head of state's message to the Federal Assembly are geared to people and to resolving pressing socioeconomic problems. At your TRUD correspondent's request Aleksandr Livshits, the Russian Federation President's adviser on economic issues, spelled out these points.

[Livshits] The fact that the president's message focused on social problems elicited what I would call strange assessments. Particularly in the "superliberal" press. You read them and wonder: "President Yeltsin has copied Communist Party rhetoric," "Yeltsin has shifted to the left." So, anyone who pursues an extremely tough financial policy is a democrat, and anyone who defends human social rights is a "left-winger"? What a jumble. The president is acting like a president, that is, the guarantor of constitutional human rights.

[Naumov] But, Aleksandr Yakovlevich, you will acknowledge that violations of these rights are not just a thing of the past but also a current phenomenon.

[Livshits] The president does not hide that fact. He was the one who introduced the concept of the "second wave of reform." Meaning disposal of the accumulated ballast. Disposal of the filth and scum that have built up in the course of reform.

Take the decision to put an end to the scandalous wage arrears. I had the most work to do on this since I was tasked with handling the issue. I can still understand that when a defense enterprise has no money owing to inadequate funding of the state order, the federal budget is to blame, but there is nowhere to get the money. Yet pretty often you have a quite different situation. There is plenty of money, and the money in the banks amounts to 10 times the wage arrears. But people are left without a means of existence, they are not paid, and that is all there is to it.

The scale of the arrears — the figures have been published — is compelling the president to intervene. Otherwise there will be no results here.

[Naumov] What way do you see of breaking the deadlock?

[Livshits] We are setting about tackling the issue from several angles at once. First, needless to say, this means strengthening the federal budget's revenue base. But we must not rely on additional sources of revenue either. We must dramatically tighten control of budget resources. People everywhere — at home, on the streetcar, at work — are talking about "disappearing money." This must be stopped, and that is the second avenue of our activity.

[Naumov] It has been suggested that state control of financial establishments should be tightened up, including the nationalization of certain commercial banks. Is there a reason for that?

[Livshits] If you mean Central Bank control, then yes there is. But spare us from having the state try to appropriate things that took so much trouble to prise away from it and set up commissars everywhere. First and foremost because it is not effective. We have so many companies with state participation. Do they pay wages regularly? There are representatives of the state on these joint-stock companies, but they are overwhelmed by the directors, and some probably also have their own interests in these companies.

Take the situation in Rostovugol AO [Joint-Stock Company]. It has a new director; the one before stashed away 10 billion rubles in budget subsidies. And misused the money. People were left without wages. Instead of unearthing everything on the spot, the trade unions brought the miners to Moscow to bang their helmets on picket lines.

[Naumov] You mentioned two angles to your work....

[Livshits] There is also a third, which is possibly the most complex. Namely observance of labor legislation. At the very grassroots, at the enterprise. That is where the truly extraordinary, mass violations take place. And where people do indeed often just give up [spuskayutsya ruki]. Because there are no controls.

People are told: "If you don't like the way we do things, get out of here, and watch out." Is that what is known as a civilized market economy? We are told: Don't touch them, the meat combine is not a state enterprise now,

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it is a joint-stock company. But what do you do if the person breaking the law is the director of a joint-stock company? Do these wild managers live in a different country?

We recently sent 76 documents to the General Prosecutor's Office, mainly dealing with joint-stock companies rather than state enterprises. The president certainly cannot sack the head of a joint-stock company. But the laws are the same. Yet there is one article of the Civil Code under which not a single person has incurred penalties over the last few years to my knowledge. Not one! And it deals with the issue of wages.

[Naumov] In promising to start repaying lost savings, the president crossed something of a Rubicon: He reassured so many people that the problem would be resolved. But how?

[Livshits] There is still a difference of opinion on this. And it is still too early to tell which approaches will prevail. The law on savings adopted by the parliament cannot "operate" on its own: It is a framework document, but it is not clear what documents will develop it. But they are beginning to appear. What will emerge this year? The federal program for the reimbursement of savings, which indicates who is to do what and when. This year lost savings will start being reimbursed to a certain category of people. This distribution of funds and the actual reimbursement procedure are now being worked on.

The problem is really complex, and not just in technical terms. Savings Bank archives, for instance, vast as they are, will be mustered and brought into action. But there are many purely everyday difficulties: There is a pained reaction to any distinctions made between people, there will be resentment that some have been paid while others have not....

Some savings will probably have to be issued in the form of securities. The trickiest thing is to ensure that these securities are liquid, that is, able to be sold easily and at a profit, otherwise it will look like fraud and people will be indignant. Work is currently in full swing on this. And these presidential instructions must and will be carried out this year.

[Naumov] The last point of the "social set" of issues in the message seems mysterious, to wit the point involving insurance of commercial bank deposits.

[Livshits] This is a system that is being set up with the long term in mind and in earnest. It exists in many countries, where private investors are largely protected from unscrupulous and unsuccessful bankers. This kind of system was also considered carefully in our country, and there was even a draft edict. We later came to the view that a law is what was needed here. It is now being discussed in parliament. With some difficulty.

I must be blunt and say that even insurance has not given and will not give anyone a 100-percent guarantee. Even a federal insurance fund, which is intended to be the core of such an insurance system, will not provide full protection. Every citizen has to realize and accept that if he lets go of his money he is, at least to some degree, taking a risk.

Nonetheless, everyone benefits from this system. It enables the population to place their money with greater confidence, banks to obtain an inflow of finance, and the economy to obtain additional investment. I think that the day is not far off when people of moderate means in our country — like "over there" — will be able to acquire a family "savings portfolio": Some funds will remain at home in banknotes, some will be invested in securities, and others will be deposited in the bank. But it will take time and purposeful state aid for people to escape the fear caused by the machinations of various "pyramids." And for a reliable shield to be set up for savings under state auspices.

Russia: Trends Seen To Warn of New Banking Crisis

MK1403104196 Moscow SEGODNYA in Russian 13 Mar 96 p 1

[Report by Andrey Grigoryev: "Ominous Symptoms in the Russian Financial Market. The Premonition of a New Banking Crisis Is Growing" — article followed by Mikhail Leontyev commentary]

[FBIS Translated Text] In the course of the past few days the quotations for virtually all state securities on the market have been going down. The fashion was set by hard currency bonds. The government's decision that additional Vneshekonombank bonds, worth about $5 billion, were to be issued signaled their further devaluation. The fall in the quotations, which started as early as 7 March, assumed the character of a trend yesterday. Also yesterday, a turn came for short-term bonds and federal loan bonds. Bonds of the "far-off" series, i.e., those distributed quite recently [to be paid after the presidential elections], lost more of their value. Because of the fall in price the profitability of the three-month short-term bonds of the 60th issue jumped by about 30 percent one week after their distribution. The average weighted price of six-month bonds of the 23rd issue fell yesterday by over 4 percent — from 74.09 to 71.01 percent of the nominal value. It is not for fear of the presidential elections that investors tend to dispose of securities that are to be repaid at a later date. The

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thing is that these bonds have accrued the least gains and their sale will incur minimum losses.

By the close of the market yesterday the situation began to straighten out. This was probably due to, first, the actions of the Central Bank and, second, a speculative game played by several banks. The fact that yesterday the Central Bank sold bonds from the 59th issue, worth almost 150 billion rubles, should by no means be regarded as the main reason for the fall in quotations. Bonds of nearly all issues were losing value. By selling them the Central Bank either wanted to "offset" a general negative effect or it was forced to raise money for the redemption of old bonds due to be paid off today.

It is significant that the rules of today's auctions on the distribution of new issues of bonds have been changed. Contrary to established tradition an auction for the sale of three-month short-term bonds to the amount of 6.5 trillion rubles should first be held, and only after this will investors be offered federal loan bonds to the amount of 2 trillion rubles. Since the auction for short-term bonds should be held with the participation of foreign investors (to the amount of about 700 billion rubles), whose bids do not affect quotations directly, the Finance Ministry will be able to sell more state bonds at a price more advantageous for the budget.

In addition to the foreigners, Sberbank [savings bank] is going to render considerable support to the Finance Ministry. According to information available to SEGODNYA, Sberbank showed a high activity yesterday on the interbank market by buying credit resources in order to participate in today's auction.

Unlike hard currency bonds, the fall in short-term bond quotations is not related directly to government plans to increase the supply of securities. In the opinion of all bankers contacted by SEGODNYA, the fall in prices was caused by problems of liquidity. Many banks are experiencing problems with current payments now. This is confirmed by a marked rise in the rate of interest on interbank credits.

Reflecting an unfavorable situation in the banking system, the deficit of "actual" money is being aggravated by the current demands of the budget, which, according to some sources, has not redeemed credits to a number of large banks on time.

Future developments on the marketing of state bonds will be determined by the actions of the Central Bank. Active interventions on its part can straighten the current "failure" of the market. State agencies, however, will hardly be able to change the financial situation drastically in the foreseeable future.

Portent of a new banking crisis has long been felt in banking circles. Of course this crisis will not be as large as last August's, since currently all financial markets are in a much more "shrunken" state. Although the number of victims might not be so great, their rank, however, will be higher. And, as for the consequences, they will be worse.

[Comment by Mikhail Leontyev] Banking and monetary crises, which are becoming systematic, seem dazzling not because of their profound nature, but due to their practical pointlessness. A crisis in a disease is a turning point on the way to recovery. The same is true of an economy. A crisis should produce a healing effect, which is probably not the case here. People who claim that problems with liquidity at some banks are due to financial stabilization and the narrowing of various inflation-ridden markets are right. No other markets, however, are emerging; whereas the economy, and above all the banking sector, is steadily moving toward a state of absolute tranquillity. As for the state, it is trying hard to sustain life in a paralyzed body by budgetary infusions through the Finance Ministry's IV drip.

The general cause underlying this absurdity is a global under reforming of the Russian economy, rather than financial stabilization. All so-called non-payments, non-returns to the budget, etc. (following the "here we go again" principle) are caused by numerous thrombi paralyzing monetary — and, hence, any other — circulation in economy. Ideally, even one nonpayment case can be sufficient to paralyze the entire system.

The Central Bank is regarding some 600 "living" banks as being actually bankrupt. The peculiar feature of this situation is that the would-be crisis can hit quite normal and as yet solvent banks, rather than those credit phantoms.

The global cause of all of these thrombi is extremely simple: the surrealistic longevity of numerous zombies — those who have gone bankrupt. Our legal practice has even made a peculiar discovery; that is, the notion of being insolvent was found to be different from that of being bankrupt. It should be admitted that under the conditions described above there indeed is some difference. This, however, does not mean in the least that living with this difference is normal. At the same time, as long as such a situation persists, any banking crises will turn into a pointless torture, when the patient is neither recovering nor dying, but is just slowly going mad.

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Russia: Unemployment Patterns Across Russia Surveyed

MM1303164496 Moscow TRUD in Russian 12 Mar 96 p 1

[Article by Nina Fokina: "Unemployment Outside the Moscow Beltway"]

[FBIS Translated Text] There is a new aspect to the concept of "unemployment": Whereas previously the people turning up at the labor exchange were mainly there because of "job cuts," now 49.7 percent are people who have quit their jobs. People are hoping to find well-paid work. But unfortunately few are succeeding. According to information received from the Russian Federal Employment Service, last February there were 2,418,000 people officially registered unemployed in our country, or 3.3 percent of the economically active population.

This indicator, admittedly, is like the average temperatures of patients in a hospital: Some are getting better but others are on the verge of death. Ingushetia is in a critical state — the unemployment level there is already 23.7 percent. It is over 12 percent in Ivanovo Oblast. Matters are slightly better in its neighboring oblasts. In Vladimir Oblast the unemployment rate is over 9 percent, while in Yaroslavl Oblast it is over 8 percent of the able-bodied population.

You can judge the situation within a 100-150 km radius of Moscow from...the commuter trains. In the morning they are crammed with people carrying sacks of potatoes. People come up to the capital from Aleksandrovo, Savelovo, and Kolomna — from all the train stations along the line. And people travel up from the local markets bringing sacks of potatoes — today's most widespread method of plugging the gaps in the family budget of recently employed engineers and other top-class specialists.

Moscow also feeds the inhabitants of Russia's fairly remote regions. I know women who regularly come here from Amursk, in Khabarovsk Kray, for goods. What else can they do when women form 63 percent of the country's total number of unemployed?

A friend of mine from Vladimir Oblast decided to look for work in...Chechnya. Someone had said to him that people are earning $1,000 a month on rebuilding work there.

Unmarried people in the labor market today are outnumbered almost three to one by people with families. Perhaps this is because they are more mobile and it is easier for them to look for work or start up their own business. Almost one-half of unemployed people are supporting dependent children or, even more distressingly, invalids.

It is not hard to guess that the lowest unemployment figure in Russia is to be found in Moscow — 0.5 percent. Smolensk, with a figure of 0.9 percent, and the Republic of Sakha, where the February unemployment figure was 1 percent, are also fortunate. These phenomenal exceptions have yet to be analyzed.... The work situation everywhere else in Russia, however, is bad.

Some people are finding work. In January, for example, 124,800 Russians found work with the State Employment Service's help. It is also comforting that this is 30 percent more than a year ago.... But perhaps it is also that people are simply desperate — they are becoming less "fussy" and are no longer waiting for the right job and the right rate of pay to come along. They take what is on offer — but they will not all have to go to Chechnya.

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International Affairs

Ukraine: Russian View of West's Ukraine Policy

964F1340A Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian Feb 96 No 2, pp 90-98

[Article by Arkadiy Lvovich Moshes, candidate of historical sciences and sector head of the Russian Academy of Sciences Europe Institute: "The West's Policy With Respect to Ukraine"]

[FBIS Translated Text] The policy with respect to Ukraine occupies a special place in the West's overall set of approaches to the independent states that emerged after the breakup of the USSR. The obvious interest in preserving a geopolitical buffer that furnishes additional guarantees in the event Russia pursues a forced reintegrationist policy and makes it possible to lessen Russia's influence to the west of its borders is prompting Western states toward an accelerated (in comparison with other CIS republics) adjustment of multilateral ties with Ukraine. The West's Ukraine policy is becoming an independent factor which is directly influencing the formulation of policy with respect to Russia.

Periodization

Since 1991 the views of the leaders of Western states toward the development of relations with Ukraine and their embodiment in actual policy have undergone considerable changes. It is possible to isolate three stages: the first was from 1991 through the start of 1993, the second was from the middle of 1993 up to the second half of 1994, and the third began at the end of 1994. It is possible to view as a unique prelude to the first stage the visit to Kiev in August 1991 of U.S. President G. Bush, who called on the country to abandon the course of "suicidal nationalism." These words, uttered just three weeks prior to the adoption by Ukraine of a declaration of independence, predetermined to a great extent the cautious nature of American (and the entire West's) policy in the Ukrainian question.

The following considerations played a role here. In first place was the fear that, in drawing closer to Ukraine, no perceptible geopolitical advantages might be obtained, but relations with Russia might become more complicated. Overt support of the new independent states could be perceived as indirect approval of separatism within Russia precisely during the period of the "parade of sovereignties." This could have serious consequences for the entire security system in Europe. (Subsequently, with the decrease in the danger of Russia breaking up, this argument lost its significance.)

The disarmament direction, the advancement of which depended on Russia's position (preparations for the START II treaty were underway during this period), remained a priority in U.S. policy. This is why logic itself prompted that any kind of rapprochement with a state that ventured such steps as stopping the withdrawal of tactical nuclear weapons is counterproductive. The shortage in the West of experts on the individual CIS countries also played a role in the absence of an active policy with respect to Ukraine.

An important factor was the international image Ukraine had created for itself in the matter of the nuclear weapons—the image of an unreliable partner. Ukraine began to be perceived in the West not so much as a potential partner (including in the building of a new security system) but more as a serious threat to the status of the nonproliferation of nuclear weapons.

Despite the persistent attempts of Ukraine's leaders, who visited almost all the West European and North American capitals, to find support there and despite the constant lobbying for Ukraine's interests by representatives of the enormous diaspora (Footnote 1), the West's policy with respect to Ukraine remained to a significant degree in the shadow of the relations with Russia, although, of course, it was also not geared toward Russia's interests.

The first stage of the development of relations between the West and Ukraine did not, from Western analysts' viewpoint, yield any significant practical results. The main goal had not been achieved—Ukraine's nuclear disarmament. After B. Clinton's victory in the presidential elections, the new administration recognized that it was necessary to seek the kind of solution that would take into account Ukraine's set of national interests.

Western analysts' opinions on this matter were divided, but the voices calling for abandoning the pressure on Ukraine resounded ever louder, because this was only increasing the number of proponents for the preservation of a nuclear status. This is why analysts who shared this viewpoint believed that it was necessary to shift to different methods for motivating Ukraine—ranging from purely financial ones to political ones.

In April 1993 the U.S. ambassador in Kiev, R. Popadiuk, published in the newspaper GOLOS UKRAINY an article entitled "You Do Not Realize How Important You Are." In addition to other arguments about Ukraine's importance, the thesis was put forward that the country will be counteracting the rebirth of an imperial Russia and, in light of this, is acquiring special importance in the region (Footnote 2).

This was followed by the visit to Kiev of U.S. Ambassador-at-Large S. Talbott. He discussed with Ukraine's leaders the possibility of furnishing economic

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assistance without a tie-in to the solution of the nuclear problem, to which neither G. Bush nor B. Clinton had agreed previously. A visit to Kiev by FRG Chancellor H. Kohl proceeded in the same spirit in June 1993. It had become clear that the West's Ukraine policy was acquiring new outlines. It reached the point that the American Administration declared 1994 "The Year of Ukraine," while influential Senator R. Lugar called for the establishment of a special partnership status in the relations between the U.S. and Ukraine.

On the whole, the following features were typical for the second period in comparison with the first: the West's large involvement in Ukraine's affairs (the large number of mutual visits at various levels, the special declarations of officials on the Crimean question, the appearance of a CIA report on the situation in Ukraine, and so on); a less "pro-Russia" tint, especially after the parliamentary elections in Russia (December 1993) and the concluding of trilateral agreements on nuclear weapons (January 1994). Naturally, this was associated with the overall cooling off of Russian-American relations and the reduction in the acuteness of the nuclear problems; an expansion of the number of and intensification of the activism of entities that are implementing the Western policy at the level of both states (in particular, Turkey) and international organizations (the conclusion by Ukraine and the European Union of an agreement on partnership and cooperation in June 1994 and Ukraine's joining the NATO "Partnership for Peace" program); and the increase, beginning as of the first months of 1994, in the West's verbal support of Ukraine's positions in its bilateral relations with Russia, especially in the statements of influential politicians who do not occupy official positions. This is not least of all associated with a reluctance to accept the strengthening of Russia's influence in the CIS.

However, despite all the improvements, the specific goals and tasks of Western policy, particularly economic policy, are still in the development stage. The nuclear sphere (in both armaments and power engineering) and, perhaps, the conversion of military production constitute an exception.

The arbitrary date for the start of the third period may be considered to be 16 November 1994, when, on the eve of President L. Kravchuk's visit to the U.S., Ukraine's parliament passed the law on subscribing to the Nuclear Nonproliferation Treaty. In response, Clinton raised the status of Kravchuk's visit from a working one to an official state visit.

Properly speaking, Western policy's transition to the new stage, the main content of which was the encouragement of economic reforms in Ukraine, was not unexpected. Western analysts previously considered L. Kuchma, who was elected as president of Ukraine in July 1994, as being associated with circles that desired to preserve the status quo. Kuchma's reputation was also enhanced by his yearning to normalize relations with Russia while preserving the independent nature of foreign policy, inasmuch as this approach would make it possible to hope for some stabilization of the situation. The visits of U.S. Vice President A. Gore and IMF Executive Director M. Camdessus to Kiev, which followed right after Kuchma took office, may serve as proof of the West's reliance on him.

Ukraine's new leadership justified to a significant extent the hopes that had been placed on it. It is a matter not only of the abandonment of nuclear weapons, but also of the transition to economic reforms, even if it was inconsistent. The liberalization of prices began as of November and privatization as of January. The abandonment of the uncontrolled payment of subsidies made it possible to reduce monthly inflation sharply in the first half of 1995 already. Especially favorable assessments in the West were given to the preservation of Ukraine's integrity, the improvement of Kuchma's rating in the country's western regions, the development in Crimea of a situation that was advantageous for Ukraine, and social stabilization.

In comparison with the preceding periods, such changes occurred in the Western countries' policy in the third stage as: the U.S. began to play the role of an unconditionally leading force in relations with Ukraine. Among other things, it attempted to influence international financial organizations, its own allies in Europe and Japan, and other countries, including CIS countries, securing protection for Ukraine's interests (Footnote 3). As a result, the policies of other countries became somewhat more restrained; there was an increase in the importance of the economic component, within which the center of gravity shifted from rendering economic assistance to encouraging reforms; there was an abandonment of the perception of Ukraine as a security challenge; a search began for ways to turn the country into a unique, albeit not priority partner in the area of security; contacts along the military line were promoted sharply; and the West, possibly already for the long term, had shifted to acceptance of Ukraine's side wherever there arose in it contradictions with Russia and to the use of methods of indirect pressure (and sometimes direct pressure, as in the case of the restructuring of Ukraine's debts to Russia in the spring of 1995) on the latter.

At the same time, the inherently Ukrainian problems not associated with security aspects involving Russia, as before, occupy an insignificant place in the West's conceptual approaches to Ukraine.

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The Basic Aspects of Relations in the Years 1992-1995

In the military-political sphere, of greatest importance were matters associated with nuclear disarmament. It is precisely here that those basic points of Western policy mentioned above are most obvious.

Originally, the West's position, of which the U.S. had become spokesman, was rigid and unambiguous. Any attempts by Ukraine to begin to play the nuclear card were followed by statements on the intolerability of these actions, as happened when Ukraine stopped the withdrawal of tactical nuclear weapons in March 1992. The resumption of their withdrawal was a direct consequence of the pressure exerted by the American Administration on Ukrainian Minister of Defense K. Morozov during his visit to the U.S. (April 1992).

Ukraine's liberation from strategic nuclear armaments was supposed to be assisted by the Lisbon protocol to the START I treaty, which was signed on 23 May 1992 by the U.S., Russia, Ukraine, Belarus, and Kazakhstan. This document, by enhancing Ukraine's international status, obligated it to subscribe to the Nuclear Nonproliferation Treaty as a nonnuclear power and to become such de facto by the end of the millennium.

These "tactical" successes which, in fact, reinforced Kiev's nuclear pretensions, nevertheless created the impression in the West that Ukraine's nuclear disarmament would not present a problem. American politicians, concentrating on the campaign race, had actually forgotten about Ukraine and remembered about it only in December 1992 on the eve of the signing of the START II treaty. But even then they were satisfied by L. Kravchuk's statements, in which Ukraine's intentions to become a nonnuclear state in the future were confirmed.

The actual loss by the West of six to eight months for the pursuit of a policy of denuclearization allowed Ukraine not only to establish administrative control over the forces that serviced the missile complexes, but also to draw up preliminary conditions, after fulfillment of which it would agree to disarm. Ukraine demanded that it first be given an expansion of the security guarantee and considerable financial compensation ($2-6 billion according to the estimates of various Ukrainian politicians, while the U.S. agreed to furnish $175 million).

The West was faced with a choice—to count on pressure, which worked successfully in the first half of 1992, or to seek a compromise with Ukraine. The second version was chosen, which undermined to a significant degree Russia's efforts to disarm Ukraine of its nuclear weapons and which was regarded by a number of the latter's politicians as proof of U.S. reluctance to upset relations with Ukraine even while it retained its nuclear weapons (Footnote 4).

It is only such facts as the extremely unsuccessful visit to Ukraine by U.S. Secretary of State W. Christopher who, in response to offers of additional financial assistance to Ukraine, was unable to obtain anything other than promises and the ratification subsequent to this of the START I treaty in the Ukrainian parliament in a form that allowed Ukraine not to subscribe to the Nuclear Nonproliferation Treaty and to retain its share of nuclear armaments which forced the West to revise its policy somewhat.

As a result of the active consultations between the U.S. and Ukraine during the time of the preparations for B. Clinton's visit to the CIS countries (January 1994), the basic positions were successfully reconciled. On 14 January 1994, the U.S., Russia, and Ukraine concluded an agreement. In accordance with it, the U.S. and Russia (as well as Great Britain), after Ukraine subscribed to the Nonproliferation Treaty, were supposed to furnish it with security guarantees. For the warheads being withdrawn to Russia, Ukraine would receive compensation in the form of minimally enriched nuclear fuel paid by the U.S. and worth at least $175 million.

The trilateral agreement reduced to a significant degree the acuteness of the problem, however, it did not eliminate it completely. It is known that during the election campaign, L. Kuchma came out in favor of retaining nuclear weapons, which did not evoke enthusiasm in the West. The problem was finally solved in November 1994, when the Ukrainian parliament adopted a document on the country subscribing to the Nonproliferation Treaty. At the CSCE [Conference on Security and Cooperation in Europe] summit in Budapest, Ukraine finally received security guarantees from the U.S., Great Britain, and Russia.

Thus, over the course of the entire period of Ukraine's independence, the West's policy on the nuclear question remained on the course laid out back in 1992 and aimed at its nuclear disarmament. Despite the overall increase in benevolent feelings in the West, Kiev did not succeed in binding the other countries with its own rules of the game. The furnished security guarantees are essentially nothing more than a confirmation of the U.S.'s similar obligations with respect to the Nuclear Nonproliferation Treaty and the Helsinki Accord. The financial assistance will be allocated in amounts much smaller than those originally demanded by Kiev.

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It is typical that the U.S. did not make even insignificant concessions in the nuclear question. It is known that in February of 1995, L. Kuchma sent a letter to B. Clinton, in which he requested that the right to monitor constantly the conducting of the work on the disassembling of missiles at the Pavlograd machinery plant not be exercised, justifying his request on financial grounds. Clinton responded with a refusal and a promise to allocate additional funds to maintain the inspections (Footnote 5).

The West's conceptual approaches to relations with Ukraine in the matter of NATO's expansion and the "Partnership for Peace" program developed in a different way. In 1993, Ukraine officially supported the idea of NATO's expansion toward the East. However, it did not conceal its misgivings with respect to the fact that, having been left alone in the face of Russia's "neo-imperial" policy, it would not be able to ensure properly its own security. (And this, in the Western experts' opinion, would again compel Ukraine's leaders to think about retaining nuclear weapons.)

There are grounds for assuming that Ukraine's misgivings had been taken into account in the West. In particular, in a report completed in October 1993 by the American RAND corporation, which has a direct influence on the formulation of political policy in the U.S., mention was made of the need to take into account Ukraine's interests in this matter and to connect it as much as possible to international programs (Footnote 6). The Partnership for Peace program proposed by NATO completely eliminated Ukraine which, on 8 February 1994, was the first of the CIS countries to join the program and, by 25 May, had submitted a presentation document.

After the accession to power of Kuchma's administration, Kiev's attitude toward the prospects of NATO's expansion eastward became much cooler, first of all because of the fear that a NATO occupied with "digesting" the Vicegrad states would involuntarily leave Ukraine in Russia's sphere of influence (Footnote 7). Ukraine's leaders began to attach a higher priority to the Partnership for Peace program which is, essentially, the only institutional bridge that connects the country to the West in the area of security.

For the Western states, the Partnership program turned out to be a sufficiently convenient means for influencing Ukraine. It allows them, without taking upon themselves any kinds of formal obligations about granting Ukraine membership in the bloc, to create among Kiev's leaders illusions with respect to the West's participation in the strengthening of Ukraine's security. This may be interpreted also as an independent task of the West's policy (Footnote 8). In addition, the program does not require covering Ukraine's expenses (Footnote 9). And finally, opportunities are created for the intensification of contacts along the military line, which contribute to Ukraine's further disengagement from Russia and the CIS security system.

It is precisely in this aspect that the Western states and NATO have displayed the greatest activity. In August and September 1994 alone three high-level NATO delegations visited Ukraine, and in February 1995 the head of NATO's Military Committee, Field Marshal R. Vincent, arrived in Kiev. From 25 through 28 May 1995, at the Yavorinskiy Range near Lvov, there occurred the large-scale, by Partnership standards, American-Ukrainian exercises Peace Shield 95 (Footnote 10) (at a cost of $4.9 million). Present at the exercises were not only the Ukrainian minister of defense and the American secretary of defense, but also the commander in chief of NATO forces in Europe, G. Shalikashvili (Footnote 11). The program of military cooperation between the U.S. and Ukraine already numbers more than 50 sites.

The promotion of the West's Ukraine policy in the military and political sphere is based on both traditional and new considerations. They are aimed at preventing a sharp change in Ukraine's security policy in one direction or another in the event of the inclusion of the Vicegrad group in NATO. On the other hand, as prominent American political scientist M. Mandelbaum justly notes, "if Ukraine feels isolated (author's note: which is highly likely in this instance), then it will most likely not wish to give back to Russia the remaining nuclear weapons inherited from the former USSR (Footnote 12)."

On the other hand, and this is perhaps the main thing, taking into account the current, not entirely favorable assessment by official Kiev of the prospects of NATO's expansion, it is important for the West not to allow Ukraine's military and political rapprochement with Russia and the other CIS countries. It may be possible to neutralize the attempt by part of Ukraine's political and military elite to effect such rapprochement precisely by creating the appearance of greater Ukrainian involvement in the Western structures' activities.

At the same time, as it seems, Ukraine has also not become an independent value in the West's strategic planning (Footnote 13). As before, it is viewed as a buffer zone and a specific trump card in the game with Russia, which may lead in due course to Ukraine's disappointment in the potential results of the West's policy.

In the economy, power engineering deserves separate consideration. The condition of the Ukrainian AES's

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[nuclear power plants] is, in the West's perception, a potential threat to European security in the broad sense. Reducing energy dependence on Russia is absolutely necessary for the strengthening of Ukraine's independent role. These two circumstances have also caused the West to pay special attention to this sphere of the Ukrainian economy.

For understandable reasons, European countries, especially France and the FRG, have displayed greater activity in the matter of ensuring nuclear safety. Since 1992 they have been advocating the closing of the Chernobyl AES and are prepared to render technical and financial assistance to do this. In particular, France has taken upon itself the obligation to send to Ukraine specialists who will participate in the renovation of the Rovno AES and the rebuilding of the Chernobyl sarcophagus. Germany has allocated DM17.2 million for the purchasing of equipment for the thermal electric power plant in Dobrotvor (Lvov Oblast), which in the future is supposed to become one of the electricity producers in place of the Chernobyl AES.

The problem became especially acute and urgent after, on 21 October 1993, i.e., just prior to U.S. Secretary of State W. Christopher's visit to Ukraine, the country's parliament voted in favor of continuing the production of power at the Chernobyl AES. It repealed its own decision on closing this plant by the end of 1993, as well as the moratorium on the construction of new AES's.

Serious disagreements have thus emerged between the Western countries and Ukraine. A contradiction has also been uncovered between the West's two goals: increasing nuclear safety by closing the Ukrainian AES's (which produce 35 percent of the electricity) and reducing Ukraine's energy dependence on Russia. Apparently, the allocation of significant financial assets could become the only way out.

In May 1994, the representatives of the "Seven" reached a basic understanding in Tokyo on rendering assistance to Ukraine in the closing of the Chernobyl AES (which produces 5 percent of the country's electricity) and the construction of new nuclear plants. The cost of the dismantling, according to European experts' estimates, should amount to $1.5-2 billion (Footnote 14). In practical terms, the first to react were the participants in the EU Council session on the island of Corfu (24-25 June 1994), who adopted a decision to allocate 500 million ECU for the closing of the Chernobyl AES. According to the decision of the heads of the G-7 countries at the summit in Naples in July 1994, another $200 million is supposed to be added to this amount.

On 21 September 1994, at the IAEA [International Atomic Energy Agency] session in Vienna, Ukraine signed the Convention on Nuclear Safety. This, however, did not lead to the immediate closing of the Chernobyl AES. The introduction of monitoring on the part of the European Union of the activities of two of the five existing AES's—the westernmost Rovno AES and the largest AES in Ukraine, the Zaporozhye AES—will be the only indirect consequence of this act.

Individual countries are also undertaking other measures capable of affecting the situation in Ukraine's power engineering. In particular, Turkey has started drawing up a plan for the construction of an oil pipeline from Iran to the Turkish port of Samsun for subsequent sea transportation of the oil to Ukraine (the project's cost is $1.5 billion). Attention is being paid to the introduction in Ukraine of Western technologies for resource conservation. The German firm of Mueller und Dan has submitted for the consideration of Ukraine's Goskomneftegaz [State Committee for Oil and Gas] a plan for the construction of a plant for the production of gas meters, the use of which will make it possible to avoid enormous losses. The American firm Cam Design has received a contract for the construction in Poltava Oblast of a plant for the processing of gas condensate, reserves of which are still not being used.

The enhancement of nuclear safety and improvement of the overall situation in Ukraine's fuel and energy complex are the only areas where the West pursued an active policy in 1992-1994. There has actually been no purposeful impact in other spheres. On the whole, the West's economic policy basically came down to the granting of credits for the purchasing of goods in the donor countries and various kinds of assistance (Footnote 15).

Over the years 1992-1994, Ukraine received credits for the purchasing of goods in the amount of more than $860 million (Footnote 16). Included in this amount are the credit granted by Italy in the summer of 1993 for $100 million and the American agricultural credit guarantees for $110 million in the 1991/92 fiscal year and for $200 million in the 1992/93 fiscal year. The overall financial support obligations on the part of the U.S. amounted on 1 January 1995 to around $900 million. Germany has granted Ukraine around DM2 billion through various channels. Canada rendered assistance in the financing of 80 programs in the amount of almost $55 million (Footnote 17).

However, the assistance and credits were used inefficiently, in the best instance, the money was eaten up and, in the worst instance, it disappeared without a trace, which led to a temporary freezing of the allocation of funds by Western states. A significant portion of the funds was spent on the maintenance of Western consul-

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tants. Because of the unfavorable economic conditions, Western firms that had come to Ukraine in 1992-1993 suffered losses and curtailed activities.

This is why, as of the beginning of 1994, Western countries gradually began to pursue a policy for the encouragement of market reforms in Ukraine. The starting point was an understanding of the fact that there should be a domestic impetus toward the reforms (Footnote 18). In order to encourage the reformers' policy, various measures were used, based on the classic "carrot-and-stick" scheme. On the one hand, the U.S. established an enterprise fund for Ukraine, Moldova, and Belarus, intended to assist in providing small enterprises with capital. The U.S. concluded an agreement with Ukraine on the encouragement and mutual protection of investments and a convention on avoiding double taxation (similar agreements have also been concluded subsequently with a number of other countries). However, on the other hand, the U.S. exerted influence on the International Monetary Fund so that it would hold off on issuing a large amount of credit to Ukraine until Kiev undertook practical steps to privatize industry and restrain inflation.

Apparently, because of dissatisfaction with Ukraine's economic policy, the G-7 decision adopted in the summer of 1994 in Naples on granting Ukraine assistance in the amount of $4 billion has not been put into practice. Only in the spring of 1995 did U.S. statesmen begin talking again about its implementation.

The Agreement on Partnership and Cooperation concluded between the EU and Ukraine in May 1994 played a role in the indirect encouragement of reforms in Ukraine. Its provisions are more advantageous for the EU (including for ensuring the transit of its goods into Russia). They have only symbolic significance for Ukraine's economy, although they are unquestionably politically important. There was no doubt that the agreement's aim was to nudge the Ukrainian leadership toward reforms. Also pointing to this is the fact that the European parliament approved a decision on granting Ukraine assistance (85 million ECU) only on 16 December 1994, i.e., after Ukraine's announcement of the transition to reforms.

However, apparently, it was the rigid and uncompromising position of the IMF that had the greatest influence on Ukraine's leadership. It is known that back in September 1994 the parties signed a memorandum in which Ukraine concurred with the requirements put forward during the granting of the credits (it was supposed to receive more than $1.5 billion). However, even then the money, with the exception of $371 million of a special credit line, was not allocated, inasmuch as it was not clear whether or not Ukraine's consent to the reforms was merely a routine verbal assertion. In the middle of March 1995 the fund's leadership again returned to consideration of the question of granting credit, conditioning this step on the passage by Ukraine of a budget, the deficit of which would not exceed 5 percent of GDP [gross domestic product]. After the passage of a budget with a deficit of 7.3 percent (however, with the difference being covered from noninflationary sources), the IMF finally agreed to allocate credit in the amount of $1.6 billion.

On the whole, by the middle of 1995 the West's policy with respect to Ukraine in the economic sense had still not been completed in final form. The theoretical consensus that had emerged in the West on the matter of the need to encourage market reforms in Ukraine had just begun to be implemented. However, the absence of conditions for foreign capital, as well as the lack of results from the reforms and the lack of certainty about their irreversibility, make it possible to predict that, in the near future, no fundamental changes will occur in the West's policy with respect to Ukraine. As before, it will be focused on the granting of assistance, possibly on a large scale, and on further financial encouragement of the economic reforms.

* * *

As has already been stated, the West's policy with respect to Ukraine is being determined, first and foremost, by the fact that under some circumstances, Ukraine can play the role of a force that neutralizes Russia's influence in the European part of the post-Soviet domain and, in the event of Russia's transition to a forcible reintegrationist policy, it could be turned into the leading state of an anti-Russian sanitary cordon. An independent Ukraine with its own legitimate interests in the area of security and economic problems is not a priority for the West.

In 1992-1993 the West's policy in the post-Soviet world was, despite some deviations, on the whole, Russia-centered, which reduced the opportunities for interaction with Ukraine. This was explained both by the necessity of ensuring the elimination of the former USSR's nuclear weapons that ended up on Ukrainian territory and by the absence of market reforms in Ukraine. As of the second half of 1993 the West's Ukraine policy began to be more active. The encouragement of economic transformations moved to the forefront to the extent that the acuteness of the nuclear question decreased. At the same time, Ukraine's interests were being taken into account to a greater degree.

In 1994-1995, simultaneously with the abandonment of the priority development of relations with Russia, there

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occurred a certain increase in Ukraine's importance in the West's foreign policy. It started receiving indirect support, and sometimes direct support as well, in those areas where Ukraine's interests came into contradiction with Russia's. The West's policy turned out to a great extent to be aimed at an even greater disengagement of Ukraine from Russia, especially in the sphere of security. At the same time, the West's policy is pro-Ukrainian only with respect to Russia, but by no means absolutely.

The Russian factor was and remains the determining one during the development of the West's approaches to Ukraine. In the event of attempts by Russia to subordinate Ukraine to itself by force or to destabilize the internal situation there, in all likelihood, Western states will attempt to support Kiev. At the same time, it seems that despite a desire to isolate Russia geopolitically, in fact, the West is still not prepared to counteract Russia's economic penetration into Ukraine, if this occurs gradually, stabilizing the situation in its economy and contributing to the market reforms.

Footnotes

1. This factor was of special importance in 1992, when the presidential elections were going on in the U.S. Subsequently, its importance decreased (with the exception of Canada). Nevertheless, in March 1994, on the eve of Ukrainian President L. Kravchuk's visit to the U.S., B. Clinton met with representatives of the Ukrainian diaspora.

2. GOLOS UKRAINY, 30 April 1993.

3. When, at the end of 1994, a crisis arose in relations between Ukraine and Turkmenistan, which was caused by Ukraine's nonpayments for gas, and Turkmenistan actually stopped deliveries of gas, it was none other than B. Clinton who turned to the president of Turkmenistan, S. Niyazov, with the suggestion that Ukraine be granted an extension.

4. Similar sentiments, which existed in the U.S.'s foreign policy establishment, were formulated in Z. Brzezinski's article "Premature Partnership." It is stated in particular there that an equal attitude toward Moscow and Kiev "would require a frank recognition of the fact that Ukraine's independent existence is of more important significance in the long term than the question of whether Kiev dismantles its post-Soviet nuclear arsenal quickly or not" (See Z. Brzezinski, "Premature Partnership," FOREIGN AFFAIRS, Vol. 73, No. 2, p. 80).

5. GOLOS UKRAINY, 14 February 1995.

6. See F. St. Larrabee, "East European Security After the Cold War," RAND, CA, 1993, pp 183-184.

7. In Kiev, of course, they also recognize other reasons, first and foremost, the unreadiness to join NATO, just like NATO's unreadiness to take upon itself responsibility for the security of a country which, according to Western views, is a buffer zone. The secretary of the Ukrainian president's Security Council, V. Gorbulin, at a briefing during B. Clinton's visit to Kiev, declared that the longing to join NATO, considering it a panacea for all ills, is premature. In his opinion, it is undoubtedly necessary to take into consideration the statements about the new substance of this organization's activities, but statements alone are insufficient (URYADOVYY KURYER, 16 May 1995).

8. From time to time, sufficiently bombastic statements are made. For example, U.S. Secretary of State W. Christopher, on 19 May 1995, at hearings in the Subcommittee on International Activities of the Senate Budget Committee, called Ukraine "the cornerstone of European security" (Quotation from ZAKHID: VIKNO V UKRAYINU, No. 32 (170), 31 May 1995, p. 2).

9. During his visit to Kiev in May 1995, Clinton promised to allocate to Ukraine $1 million for expenditures within the framework of the Partnership program in 1995. In 1996, this sum will amount to $10 million. (GOLOS UKRAINY, 16 May 1995). These expenditures are insignificant in comparison both with the overall volume of Western assistance to Ukraine and with the country's expenditures on the program, which will already amount to approximately $30 million in 1995.

10. For more details, see SEGODNYA, 25 and 26 May 1995.

11. The number of contacts at a lower level are almost uncountable now. Thus, simultaneously with the Peace Shield exercises, there was a delegation from the Netherlands Ministry of Defense at the training center for air-mobile forces in Zhitomir, a delegation from the Armed Forces College from France at the Desna training center near Chernigov, and a German squadron of seven vessels in Odessa (see KRASNAYA ZVEZDA, 1 June 1995).

12. Quotation from ZAKHID: VIKNO V UKRAYINU, No. 34 (172), 8 June 1995, p. 3.

13. This was acknowledged with the greatest of frankness by journalist and political scientist I. Kristol in his article published in THE WALL STREET JOURNAL on 6 February 1995. He wrote that "it makes no sense to the Western states to interfere in a possible military conflict between Russia and Ukraine..., despite the fact that

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both East and West Europe are interested in an independent Ukraine and a weakened Russia. There would be speeches at the UN, editorials full of indignation in the press, and perhaps some senseless economic sanctions—and that is all" (quotation from ZAKHID: VIKNO V UKRAYINU, No. 10 (148), 16 February 1995, p. 3). However, to be fair, it should be noted that voices are beginning to be heard in the West in favor of recognizing Ukraine as a member of the Western security system. In particular, on 16 February 1995, Brzezinski declared that Ukraine might join NATO over the course of 10-15 years (ibid., No. 16 (154), 10 March 1995, p. 3).

14. Without attempting to understate the importance of the problem for Ukraine or to accuse it of nonconstructive behavior, it cannot but be noted that Ukraine may proceed along the path laid out during the discussion of the situation involving nuclear weapons, i.e., to drag out the time in order to obtain the greatest compensation. Ukraine's ex-president, L. Kravchuk reacted to the adoption of the Tokyo decision with a statement about the fact that the plant should continue functioning, while its disassembly will cost $14 billion. Prior to the adoption of the decision in Tokyo, the Ukrainian party cited figures of $6-8 billion (see SEGODNYA, 31 May 1995). The Kuchma administration's position is more realistic. However, according to the decision of the Ukrainian Cabinet of Ministers of 13 April 1995, the Chernobyl AES may be closed by the year 2000, provided that compensation in the amount of $4.4 billion is allocated, which greatly exceeds the Western experts' estimates (see SEGODNYA, 14 April 1995).

15. The West's opportunities to render assistance to Ukraine are limited not only in the purely financial sense, but also in the legal sense, inasmuch as Ukraine does not belong to the world's poorest countries. It cannot count on receiving preferential credits from the World Bank within the framework of the International Development Association program.

16. KIYEVSKIYE VEDOMOSTI, 13 January 1995.

17. KIYEVSKIYE VEDOMOSTI, 13 January 1995; SEGODNYA, 4 July 1995.

18. This was mentioned by German Minister of Foreign Affairs K. Kinkel at a meeting which took place in June 1994 with the FRG's ambassadors to CIS countries. B. Clinton paid quite a bit of attention to showing the need for market reforms in Ukraine during L. Kravchuk's visit to Washington (March 1993), while A. Gore, when he was in Kiev (July 1994), attempted to influence L. Kuchma in the same spirit.

Ukraine: Russian, Ukrainian Defense Ministers' Meeting Postponed

LD1303000196 Moscow ITAR-TASS World Service in Russian 2345 GMT 12 Mar 96

[By Ukrinform correspondent Sergey Balykov]

[FBIS Translated Text] Kiev, 13 Mar (Itar-Tass) — A meeting of the Ukrainian and Russian defense ministers in the Carpathians region, scheduled for 13-15 March, will not take place. According to information received from reliable sources at the Ukrainian military department, the joint sitting of the military collegiums of the Ukrainian and Russian Defense Ministries has been postponed at the request of the Russian side. No details have been given.

Ukraine: U.S. Poultry Fodder Said To Contain Toxins

WS1403093096 Kiev INTELNEWS in English 2102 GMT 13 Mar 96

[FBIS Transcribed Text] Kiev, March 12 — U.S. poultry fodder, which is being sold in Ukraine according to an intergovernmental agreement, has been found to contain high levels of toxic substances.

According to the deputy director of the Kharkov poultry factory, Oleksandr Tertyshnyk, experts have uncovered the myco-toxin "patulin" in U.S. supplies of soy cake (a protein-based fodder).

According to Tertyshnyk, the egg-laying capacities of hens decreased by 20 to 30 percent within three weeks after introduction of the U.S. forage, resulting in an estimated loss of KBV300 [karbovantsi] million daily.

A department chief for the Kharkov Institute, Oleh Malinin, conducted a veterinary examination of the fodder additives and found that the concentration of toxins in one batch of soy cake exceeded safety standards by 80 times the permissible norms, and he recommended that a State commission be created to investigate the causes.

According to Vseukrainskie Vedomosti, the U.S. Department of Agriculture made a decision last year to grant Ukraine a credit worth $20 million, in conformity with a PL 480 program for the purchase of U.S. agricultural products.

The program offered low-interest credits (2.25) with a credit payment period of 25 years. The credit was used to purchase the contaminated soy cake.

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Ukraine: Udovenko, Dutch Foreign Minister Hold News Conference

WS1403111696 Kiev UKRINFORM in English 1007 GMT 14 Mar 96

[From the "Current Events" feature]

[FBIS Transcribed Text] On March 12 Dutch Foreign Minister Hans Van Mierlo and his Ukrainian counterpart Hennadiy Udovenko held a joint press conference at the Ukrainian Ministry of Foreign Affairs in Kiev immediately after their talks finished there.

As Mr. Udovenko noted, the Dutch Foreign Minister's official visit to Ukraine testified to the very active quality of Dutch-Ukrainian relations and was of great political importance. The Ukrainian foreign minister then gave a high profile to the Netherlands' support for Ukraine in the latter's bid to consolidate its statehood, sovereignty, territorial integrity and border inviolability.

In turn, Mr. Mierlo, who visited Ukraine together with Dutch Prime Minister Wim Kok, said that the two nations' cooperation within the framework of NATO's Partnership for Peace, testified to the active nature of their bilateral relations. Mr. Mierlo pledged his government's continued support for Ukraine's interests in international financial institutions, such as the World Bank and IMF.

Commenting on the controversial problem of NATO's eastward expansion the Dutch foreign minister noted that the process should go on terms of mutual trust and its fundamental goal should be peace and stability in Central and Eastern Europe. In this context Hans Van Mierlo praised Ukraine's proposal to convene an international meeting of experts with a view of designing a novel architecture of pan-European security.

By way of complementing these utterance Mr. Udovenko informed the journalists about a contemplated visit to Ukraine by NATO Secretary-General Xavier Solana slated for April.

National Affairs

Ukraine: President Kuchma Notes Need to Reform Armed Forces

LD1303200596 Kiev UNIAR in Ukrainian 1620 GMT 13 Mar 96

[FBIS Translated Text] Kiev — President Leonid Kuchma, the Ukrainian Armed Forces commander in chief, has visited the Defense Ministry and met its management.

In his speech, Leonid Kuchma stressed the necessity of bringing the Armed Forces in line with current requirements and working out an optimal structure for them. The Ukrainian president noted that the process of reforming the armed Forces, which has already started, is an important element in strengthening the state's national security.

Leonid Kuchma presented Lieutenant General Oleksandr Zatynayko, chief of the Armed Forces' General Staff and first deputy defense minister, to the Defense Ministry management. The president signed a decree on his appointment on 12 March.

Ukraine: Report Denied of Kuchma Election Campaign Funded by Moscow

LD1303221896 Kiev UNIAR in Ukrainian 1840 GMT 13 Mar 96

[FBIS Translated Text] Kiev — "It is simply a lie," Volodymyr Horbulin, Ukraine's national security council chairman, said while commenting at a UNIAR correspondent's request on an article in the Russian newspaper 'KOMSOMOLSKAYA PRAVDA' of 12 March, which specifically says that Ukrainian President Leonid Kuchma's election campaign had been financed by Moscow.

"I am convinced of just one thing, and that is that this did not happen. If it had, then it would have become known. Nobody in Russia ever financed President Kuchma's election campaign, and I can vouch for this. On the whole, one could jest here, that for this amount of money one could become the president not just of Ukraine."

If the amount cited in the article really had been used by the Ukrainian president, then I think he would not have needed to fight the election campaign. I also think that someone is trying do everything to ensure that relations between the presidents, and the countries in general, worsen prior to the Russian president's visit to Ukraine, and for this reason opportunities that are of the lowest possible standards are being exploited. There is no decency here.

"Recently, many anti-Ukrainian articles have begun to appear in Russian newspapers, and as to why this is being done, I think they are being coordinated by some political forces who would like to do everything to prevent the meeting between the Ukrainian and Russian presidents from taking place. For me, these reports are like tales and gossip."

Incidentally, Mr. Horbulin drew attention to the fact that today's edition of 'KOMSOMOLSKAYA PRAVDA' denied that former Acting Prosecutor General Ilyashenko had really suffered a beating.

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Ukraine: Marchuk Urges Measures Against 'Extraordinary' Events

AU1303142596 Kiev DEMOKRATYCHNA UKRAYINA in Ukrainian 12 Mar 96 p 1

[Unattributed report: "Extraordinary Situations Are a Test for Us"]

[FBIS Translated Text] **Experts have estimated and life is also prompting us that we are in for quite a serious flood, stated Yevhen Marchuk, Ukraine's prime minister and chief of Civil Defense, at an expanded conference of the leading personnel of Ukraine's Civil Defense that was held on 9 March in Kiev.** It is now essential to work out preventive measures, prepare mechanisms, and do everything to prevent casualties and major losses.

"This year nature has confronted us with very serious tests," said Prime Minister Yevhen Marchuk, concluding the conference. "We will later analyze who showed himself and how in crisis situations of which we have already had plenty this winter. It is envisaged to implement a special plan in accordance with which all, without exception, state bodies of executive power and of local self-government, as well as enterprises, institutions, and organizations may be mobilized."

The prime minister drew the attention of the leaders of ministries and departments to the critical state of a number of facilities in view of possible extraordinary situations and to the need to take immediate measures.

Speaking about the fire that broke out during the night of 8-9 March in the central instruments room of the National Radio Broadcasting Company on 26 Khreshchatyk Street, Yevhen Marchuk said that this extraordinary situation could be prevented, even though investigation into and clarification of all the factors are not yet completed. This fire, he stated, would have never taken place, had there been reliable order and had corresponding instructions been observed.

If one studies causes of emergence of those events that are at the borderline of catastrophes, one can draw a conclusion that a human factor is involved in them, believes Yevhen Marchuk. This should not be tolerated.

Ukraine: Radioactive Cesium-137 Stolen From Dneprodzerszinsk Factory

LD1303132596 Kiev UNIAN in Ukrainian 1120 GMT 13 Mar 96

[FBIS Translated Text] Dnepropetrovsk Region — A radioactive supply unit of Cesium-137, measuring 1.5 curies in radioactivity, was stolen from Ammonium Phosphate Fertilizer Production Workshop No. 1 at the Pridneprovskyy chemical works in Dneprodzerzhinsk. Investigators from the Security Service of Ukraine, the Ministry of Internal Affairs, and the Prosecutor General's Office are conducting a search, the civil defense headquarters told UNIAN.

Ukraine: Crimean Leader Claims 'Assurances' From Kuchma, Moroz

WS1403093196 Kiev INTELNEWS in English 0104 GMT 14 Mar 96

[By Lilia Budzhurova, "Special to INTELNEWS"]

[FBIS Transcribed Text] Simferopol, March 13 — Crimean Parliament Speaker Yevhen Suprunyuk said Wednesday [13 March] that he had received assurances from both President Leonid Kuchma and Parliament Speaker Oleksandr Moroz that they are against constitutional provisions that would limit Crimean autonomy.

"Both Kuchma and Moroz reaffirmed that the Autonomous Republic of Crimea should exist and possess a constitution of its own," he said.

The constitution drafted by the committee co-chaired by Kuchma and Moroz angered politicians in Crimea by dropping the word "republic" from the official name of the autonomous region and downgrading its "constitution" to a "charter."

The Parliament in Simferopol retaliated over the weekend by threatening to hold a referendum on the peninsula's status if Kiev fails to approve a new Crimean constitution this month.

"I cannot say with certainty that the Constitution of Crimea will be approved as it is now," he said.

Economic Issues

Ukraine: Economist Sees West Restricting Ukraine's Economic Growth

MM1403125896 Moscow KOMSOMOLSKAYA PRAVDA (Business Tuesday) in Russian 12 Mar 96 p 3

[Interview with Doctor of Economic Sciences Nikolay Shutov by Aleksandr Milkus; place and date not given: "The West Is Not Interested in Ukraine"]

[FBIS Translated Text] I don't think many people even in Ukraine itself realize today what is happening to its remarkably independent economy.

"For Ukraine to be able to restructure its economy today, it needs at least $40 billion," in the view of Doctor of Economic Sciences Nikolay Shutov. "But in fact, in 10 months last year foreign investments totaled only 500 million."

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[Milkus] Do you think this is a deliberate policy?

[Shutov] Ukraine and Russia belong to the group of technologically developed countries. And the West certainly does not want us as a strong competitor. Obviously they have the dirty spheres of production in mind for us.

[Milkus] Does that mean that the West is skillfully managing Ukraine's economic policy?

[Shutov] To be frank, I cannot even call Ukraine's economic policy a policy. Strategically, it does not exist.

[Milkus] Do you think Ukraine now has prospects for recovering from the crisis?

[Shutov] In order to make any assertions, you have to have the necessary information. What they are showing us is, I am sure, far from the whole truth. It is only known that between 10 and 30 billion of Ukraine's dollars are operating in the Western financial system. If the dollars are going over there, that means it is possible to create the conditions for them to be circulated here instead. But it is the other way round — it is difficult for Ukraine to get access to the Western market. It is eager to get there, but is not allowed in....

Ukraine exports mainly raw materials — the ferrous, non-noble metals. But even this modest potential for obtaining currency is often restricted by the West. And meanwhile we are losing the traditional markets in the CIS. The future of Ukraine's economy, while preserving national sovereignty, lies in integration with the other CIS countries. Instead, Ukraine is refusing to join the customs union, making it difficult for its own enterprises to work with their main partners.

[Milkus] So the West is not allowing Ukraine in, and it is refusing to go East of its own accord?

[Shutov] The attitude to Ukraine on the foreign market is a clear policy aimed at keeping the country in a certain condition — on the one hand not allowing it to develop, and on the other not letting it die of starvation.

Ukraine: World Bank Selects 158 Companies for Western Investment

WS1303111496 Lvov INFOBANK in English 1042 GMT 13 Mar 96

[From the "News Service" feature]

[FBIS Transcribed Text] On March 12, Daniel Kaufmann, the Chief of the World Bank Mission in Ukraine and Ihor Podolyev, the first deputy minister of foreign economic relations and trade of Ukraine, reported at the joint press-conference, that the International Conference of Potential Investors to Ukrainian economy, organized by World Bank will be held in Kiev on June 25-27.

The group of World Bank's experts headed by Sudhe Sen Gupta [spelling of name as received], the chief specialist of the Private Sector Department which worked in Ukraine from February 19 to March 11, determined 158 enterprises to be represented at this conference. Most of them (31) are from Kiev and Kiev Oblast. World Bank entered into obligations to print special reference books for foreign investors by the beginning of the conference. It will contain the information about these 158 enterprises. The information booklets and announcements about the coming Kiev conference will be sent to more than 1,000 private Western companies, intermediaries and investors. World Bank experts plan to choose approximately 100 companies among those ones interested in participation in the International conference on June 25-27.

Among 158 Ukrainian enterprises, which are planned to be represented at the International Conference of Investors, machine-building plants, enterprises of medical-pharmaceutical, power engineering, telecommunication branches as well as agricultural enterprises and hotels prevail.

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Tajikistan

Tajikistan: Yeltsin Envoy Affirms Russia's Support for Talks

LD1403105796 Moscow Russian Television Network in Russian 0500 14 Mar 96

[Report over video from Tajikistan by correspondent T. Logunova; from the "Vesti" newscast]

[FBIS Translated Text] Aleksandr Oblov, special envoy of the president of Russia and head of the Russian Mission on assisting the Tajik settlement, is highly optimistic about the prospects for continuing the negotiation process between the Dushanbe government and the Tajik opposition.

[Begin Oblov recording] Russia will continue to do everything to facilitate the Tajik settlement, to consolidate the country, the society, and the authorities. [end recording]

It was also noted that Russia has a perfectly clear and precise policy with regard to Afghanistan. We support the United Nation's efforts toward a political settlement for the Islamic State of Afghanistan, the Russian diplomat said. We do not intervene in the internal affairs of either the Tajik or the Afghan peoples. The Russian leadership has frequently expressed its support for a political solution to the Afghan conflict and is engaged in an active search along with the international community for reconciliation and a settlement in Afghanistan.

Tajikistan: Afghan President Gives News Conference

LD1003200196 Kabul Radio Afghanistan Network in Dari 1630 GMT 10 Mar 96

[Interview with Afghan President Borhanoddin Rabbani by unidentified correspondent in Tajikistan; date not given — recorded]

[FBIS Translated Excerpt] Dear listeners of Radio Afghanistan, esteemed Professor Borhanoddin Rabbani, the president of the Islamic State of Afghanistan, gave a news conference during his visit to the friendly country of Tajikistan. We invite you to listen to the news conference. [passage omitted]

[Correspondent, in Tajik] My first question is this: in your opinion, how could the problems along the border be resolved? My second question is: what measures have been taken by your government in connection with the release of the Russian pilots who are now in the custody of the Taleban in Kandahar?

[Rabbani] I said that we want all our borders to be borders of peace, of the development of trade and economic activities and [words indistinct]. We held talks with the Tajik Government in connection with border problems and delegations of the two sides held talks in the border areas to implement those programs [as heard]. We hope that in the near future steps will be taken to restore complete security along the border. I am confident [words indistinct] and recently effective steps have been taken to enhance commercial activities along the Afghan-Tajik border. Surely commercial activities require security because in the absence of security those activities cannot be conducted. [words indistinct]

We have decided that urgent working meetings should be held between border delegations and practical steps should also be taken so that no one perceives that there is a problem along the border.

In connection with the prisoners held by the Taleban, we have made efforts. The plane was civilian and should not have been forced to land, and the crew should not have been detained. Our efforts continue and we hope that our efforts will eventually succeed.

[Correspondent's question indistinct]

[Rabbani] Before the establishment of the Islamic state and before the fall of Dr. Najibollah, I visited Moscow at the head of a delegation. I was asked then about my country's relations with Russia after the mojahedin's victory. I told them that we did not consider the invasion of Afghanistan as an invasion by the Russian nation or as the war of the Russian nation against the Afghan nation. This invasion was the result of an incorrect policy by the then leaders of Russia. Later the Russian nation through its parliament condemned this act and described it as an immoral act. This shows that basically the Russian nation did not want to send its youths to Afghanistan to be killed or to kill Afghans. [passage indistinct]

After the establishment of the Islamic state in Afghanistan we once again declared that we wanted to maintain relations with Russia at the level that existed before or even better than that, and to arrange our relations on the basis of bilateral cooperation, non-interference in one another's internal affairs, and in the interests of the two sides. Now our relations with Russia have completely changed. I hope that these relations will further expand and I want the consolidation of relations between Afghanistan and the Russian Federation. [passage indistinct]

We have reached some understanding with some groups: among them, we have reached understanding with Khalili [leader of the Unity Party] and Hekmatyar [leader of the Islamic Party]. When we left, not all issues had been finalized but very considerable progress had been made. [indistinct passage]

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Turkmenistan

Turkmenistan: NATO General Visits Turkmenistan

MM1303152596 Moscow KRASNAYA ZVEZDA in Russian 13 Mar 96 p 3

["Own information"/ITAR-TASS report under "Military Reports From Abroad" rubric: "Italian General Visits Turkmenistan"]

[FBIS Translated Text] Italian General D. Mambrini, deputy commander of the NATO Allied Armed Forces in the southern zone of Europe, has paid a visit to Turkmenistan.

An official spokesman for this command, whose headquarters is near Naples, reported that the visit was aimed at developing cooperation within the framework of the "Partnership for Peace" program. Gen. Mambrini had meetings with Turkmenistan's minister of defense, the chief of the General Staff of the republic's Armed Forces, and high-ranking representatives of the Ministry of Foreign Affairs and also attended military exercises.

Turkmenistan: Envoy: U.S. Will Help Turkmenistan Build Democracy

LD1203142396 Ashgabat TURKMEN PRESS in Russian 0645 GMT 11 Mar 96

[FBIS Translated Text] Ashgabat, 9 Mar (TURKMEN PRESS) — [Turkmen President] Saparmurad Turkmenbashy [Niyazov] met with the U.S. Government delegation led by the U.S. Administration's senior coordinator for CIS countries, James Collins, at the Turkmen president's out-of-town residence today. Deputy Secretary for Defense Ashton Carter, senior director of the National Security Council Coit Blacker, and Richard Morningstar, a coordinator for providing aid to the new independent states, were also in the delegation.

A message from U.S. President Bill Clinton, in which the U.S. head of state expressed his respect to Saparmurad Turkmenbashy and the people of Turkmenistan for their efforts to strengthen the country's independence, was handed to President Saparmurad Niyazov. The role played by neutral Turkmenistan in stabilizing the political and economic situation in the region is emphasized in it. In the words of President Clinton, the efforts by the president and Government of Turkmenistan to settle the inter-Tajik conflict deserve special merit. The U.S president's message also says that the program for the social and economic development of Turkmenistan, drafted at the meeting of the People's Council in December last year, is a very valuable document whose implementation will accelerate improvement of the state's economic system. The program opens additional possibilities for foreign investors, a necessary factor for the further development of Turkmenistan.

A broad spectrum of subjects of mutual interest was discussed during the talks. The sides went through all aspects of bilateral cooperation and exchanged opinions on the problems of regional interaction.

James Collins listened carefully to Saparmurad Turkmenbashy's views on the pace, character, and content of the reforms in Turkmenistan. Special attention was given to the issue of further democratizing society and ensuring basic human rights and freedoms. In this context, the American side expressed its readiness to assist in promoting democracy, human rights, and state construction in Turkmenistan.

The president of Turkmenistan expressed immense gratitude to the people of the United States, to the [U.S.] President and government for their consistent support of independent and neutral Turkmenistan. The current talks, the head of the Turkmen state underscored, are clear confirmation that bilateral ties and long-term partnership between Washington and Ashgabat are broadening.

Turkmenistan: President Receives Russian Gazprom Chairman

LD1303100696 Ashgabat TURKMEN PRESS in Russian 0900 GMT 12 Mar 96

[FBIS Translated Text] Ashgabat, 11 Mar (TURKMEN PRESS) — Turkmenistan President Saparmyrat Turkmenbashy today received Rem Vyakhiryev, chairman of the board of the Russian Gazprom joint-stock company. During the talks a complete set of issues concerning the legal formulation and specification of the activity of the Turkmen-Russian joint-stock company were discussed.

During the meeting, Saparmyrat Turkmenbashy emphasized that Turkmenistan and Russia, having determined their strategic plan for cooperation, are step by step, consistently, and steadily carrying it out, implementing their equal opportunities under the conditions of independent development.

The joint-stock company must become an important instrument to help regulate economic, financial, and organizational issues connected with a joint approach to the world's oil and gas market. It was emphasized that Turkmen-Russian partnership is rising to a higher level and opening great possibilities in this most important sphere of the economy - oil and gas.

During the meeting Saparmyrat Turkmenbashy handed a Turkmen citizenship passport to Rem Vyakhiryev, and at the same time he emphasized the long-term and mutually beneficial cooperation of Gazprom in Turkmenistan.

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Armenia

Armenia: Prime Minister Receives IMF Delegation

NC1303213396 Yerevan Armenia's Radio First Program Network in Armenian 1950 GMT 13 Mar 96

[FBIS Translated Text] Armenian Prime Minister Grant Bagratyan received a delegation headed by IMF Managing Director Michel Camdessus on 13 March.

In greeting Prime Minister Grant Bagratyan, Mr. Camdessus mentioned the ESAF [Enhanced Structural Adjustment Facility] credit allocated to Armenia by the World Bank at the end of February, noting that it was a recognition of the economic reforms unfolding in Armenia, and hoped the credit will help stabilize Armenia's financial situation and play an important role for the consolidation of peace in the region.

Prime Minister Grant Bagratyan outlined the general picture of the republic's economic life, noting that Armenia is one of the few CIS countries that registered economic growth last year. He described the privatization process and measures being taking in the banking, customs, and taxation systems, and touched upon the regional political issues.

Armenian prime minister's advisers Vardan Sargisyan and Vasili Avetisyan, members of the IMF delegation Messrs (Vantogh) and Katsambas, IMF resident representative in Armenia Susan Jones, and other officials attended the meeting.

Armenia: Russian Deputy Foreign Minister's Arrival Reported

NC1303145996 Yerevan ARAGIL ELECTRONIC NEWS BULLETIN in English 0853 GMT 12 March 96

[FBIS Transcribed Text] Yerevan ("AZG" daily), 03/13/96 — "Russian Foreign Minister Yevgeniy Primakov will visit the region when we reach a certain advance towards resolution of the conflict", said the head of Russian delegation Deputy Foreign Minister Boris Pastukhov, who arrived in Yerevan yesterday, accompanied with Russia's special envoy Vladimir Kazimirov and Chief Adviser for CIS countries Mikhail Mayorov.

"We will continue the efforts for resolution of the conflict", Mr. Pastukhov said. "We are looking for package solution, additions and revisions are being made to this package, its constituents are being developed", he continued.

Members of the delegation visited ROA [Republic of Armenia] Foreign Ministry, to meet the Minister Vahan Papazian. Press service of the ministry reported that, within the framework of shuttle diplomacy, Russia wants to accelerate political resolution of the Karabakh conflict and rapprochement of the positions of the sides, to define new approaches.

Boris Pastukhov and the accompanying delegation have left for Stepanakert in the evening.

Armenia: Karabakh Leader Receives Russia's Pastukhov, Kazimirov

NC1303212696 Yerevan Armenia's Radio First Program Network in Armenian 1900 GMT 13 Mar 96

[FBIS Translated Text] Robert Kocharyan, the president of Nagorno-Karabakh Republic [NKR], met Boris Pastukhov, the first deputy foreign minister of Russia, and Vladimir Kazimirov, the Russian president's ambassador on special missions and co-chairman of OSCE Minsk Group, in Stepanakert today.

Aleksandr Grigoryan, the press secretary of NKR president, told the reporters that during the conversation the Russian side expressed a firm intention to continue its shuttle diplomacy efforts with the aim of facilitating an agreement on the termination of the armed conflict.

Those attending the meeting also examined a number of fundamental issues relating to the settlement of the Karabakh problem, especially that of security and the status of Nagorno-Karabakh.

NKR Foreign Minister Arkadi Ghukasyan and Defense Minister Samuel Papayan were also attending the meeting.

Armenia: Georgian Armenians Ask For Status, Oppose Turkish Railway

NC1303221296 Yerevan Radio Yerevan International Service in Armenian 2000 GMT 13 Mar 96

[FBIS Translated Text] The congress of the Javakhk [Armenian name for Armenian-inhabited region in Georgia adjacent to Armenia and Turkey] People's Movement was held in Akhalkalaki recently. It adopted a resolution which touches on economic, political, and cultural life in the region. The resolution specifically asks the Georgian leadership to review the status of the Samtskhe-Javakhet region and form it into a separate province with a political status and Akhalkalaki as its center. The resolution also requests the Georgian authorities set up a Armenian-controlled regiment within the Georgian Army, where Armenian draftees from Javakhk could serve.

The resolution also expresses opposition to the construction of the Alkhalkalaki-Kars railway.

The Georgian President Eduard Shevardnadze had signed an agreement on the railway construction with Turkish President Suleyman Demirel.

The resolution also touches on the organization of the celebrations marking the 150th birthday anniversary of [Armenian bard] Jivani, as well as on the socio-economic and environmental problems of the region.

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